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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Zendai Property Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

Joint financial advisers to the Company



華富嘉洛
企業融資



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

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



博大資本國際有限公司

Partners Capital International Limited

A notice convening a special general meeting of the Company to be held at Unit A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Monday, 19 December 2011 at 10:30 a.m. is set out on pages 75 and 76 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* for identification purpose only

25 November 2011

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DEFINITIONS

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

“Agreement”	the agreement dated 28 October 2011 entered into between Shanghai Zendai Land and the Purchaser in relation to the Disposal
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal, pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to Shanghai Zendai Land for the purchase of the Sale Interest and the Shareholder’s Loan pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest and the Shareholder’s Loan by Shanghai Zendai Land to the Purchaser pursuant to the Agreement
“Forte Pledge”	the pledge of 45% of the total issued shares of 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)* by the Company to 上海復地投資管理有限公司 (Shanghai Forte Investment Management Company Limited)*, a subsidiary of Fosun
“Fosun”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and the issued shares of which are listed on the Stock Exchange, a substantial Shareholder

DEFINITIONS

“Greentown”	杭州綠城置業投資有限公司 (Hangzhou Greentown Real Estate Investment Co., Ltd.)*, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Greentown Holdings
“Greentown Holdings”	Greentown China Holdings Limited (綠城中國控股有限公司)*, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon established by the Company to advise the Independent Shareholders on the terms of the Agreement
“Independent Shareholders”	Shareholders other than Fosun and its associates
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Independent Valuer”	DTZ Debenham Tie Leung Limited, a valuer who is an Independent Third Party
“Land Parcel”	a parcel of land located in 中國上海黃浦區小東門街道 574、578地塊 (Lots 574 and 578 of Xiaodongmen Jiedao, Huangpu district, Shanghai, the PRC) with site areas of approximately 45,471.9 square metres, which is designated for integrated office, financial, commercial and cultural use
“Latest Practicable Date”	23 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	the date falling 18 months after the date of the Agreement or such other date as the parties to the Agreement may agree from time to time
“Panshi”	上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.)*, a limited liability company established under the laws of the PRC
“Partners Capital” or “Independent Financial Adviser”	Partners Capital International Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement
“Project Company”	上海証大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)*, a limited liability company established under the laws of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	上海海之門房地產管理有限公司 (Shanghai Haizhimen Property Management Co., Ltd.)*, a limited liability company established under the laws of the PRC and is indirectly owned as to 35% by the Company
“Remaining Group”	the Group immediately after Completion
“Sale Interest”	the entire registered capital of the Project Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Agreement and the transactions contemplated thereunder
“Shanghai Zendai Land” or “Vendor”	上海証大置業有限公司 (Shanghai Zendai Land Company Limited)*, an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the shareholder’s loan owing to Shanghai Zendai Land by the Project Company, which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000) on the date of Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Fosun”	浙江復星商業發展有限公司 (Zhejiang Fosun Commerce Development Limited)*, a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Fosun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this circular, unless otherwise stated, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1 to HK\$1.22. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

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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:

Mr. Dai Zhikang (*Chairman*)

Mr. Wang Fujie

Mr. Zhu Nansong

Mr. Zuo Xingping

Ms. Zhou Yan

Mr. Tang Jian

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit 6108

61/F, The Centre

99 Queen's Road Central

Hong Kong

Non-executive Directors:

Mr. Wu Yang

Mr. Zhou Chun

Mr. Dong Wenliang

Mr. Liu Zhiwei

Independent non-executive Directors:

Mr. Lo Mun Lam, Raymond

Mr. Lai Chik Fan

Dr. Tse Hiu Tung, Sheldon

25 November 2011

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

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

On 28 October 2011, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement for the disposal of the Sale Interest and the Shareholder's Loan to the Purchaser. As at the date of the Agreement, the Purchaser was owned as to 50% by Zhejiang

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LETTER FROM THE BOARD

Fosun. The Purchaser, by virtue of being an associate of Fosun, a substantial Shareholder, is a connected person of the Company within the meaning of the Listing Rules. As such, the entering into of the Agreement with the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given certain applicable percentage ratios under Rule 14.07 of the Listing Rules exceed 75%, the Disposal also constitutes a very substantial disposal for the Company and is therefore subject to the requirements of reporting, announcement and independent shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement, and the transactions contemplated thereunder; (ii) letter from the Independent Board Committee; (iii) letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement; and (iv) the notice of SGM.

THE AGREEMENT

Date

28 October 2011

Parties

Vendor: Shanghai Zendai Land, an indirect wholly-owned subsidiary of the Company

Purchaser: 上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment Management Co., Ltd.)*, a limited liability company established under the laws of the PRC, and is owned as to 35%, 50%, 10% and 5% by the Company, Zhejiang Fosun, Greentown and Panshi respectively.

Details of the Disposal

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and Shanghai Zendai Land has conditionally agreed to sell (i) the Sale Interest, representing the entire registered capital of the Project Company at the consideration of RMB7,000,000,000 (equivalent to approximately HK\$8,540,000,000); and (ii) the Shareholder's Loan at a consideration equivalent to its face value as at Completion (which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

As at 30 June 2011, the unaudited net asset value of the Project Company was approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as shown on its management accounts as at 30 June 2011. The Project Company did not record any turnover since its establishment in October 2010. The unaudited loss before and after tax of the Project Company for the six months ended 30 June 2011 were RMB213,000 (equivalent to approximately HK\$260,000) and RMB213,000 (equivalent to approximately HK\$260,000) respectively. Details of the unaudited financial information of the Project Company are set out in Appendix I to this circular.

LETTER FROM THE BOARD

As at 30 September 2011, the unaudited amount of the shareholder's loan owing to Shanghai Zendai Land by the Project Company amounted to RMB2,566,181,619 (equivalent to approximately HK\$3,130,741,576).

Consideration

The maximum Consideration for the Disposal is RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000), which shall be satisfied in cash in the following manner:

- (i) RMB1,000,000,000 (equivalent to approximately HK\$1,220,000,000) as first instalment shall be payable within 10 days upon the signing of the Agreement;
- (ii) RMB914,000,000 (equivalent to approximately HK\$1,115,000,000) as second instalment shall be payable within 10 days upon the fulfilment of the condition precedent numbered (i) as set out in the paragraph headed "Conditions precedent to the Disposal" below;
- (iii) RMB2,871,000,000 (equivalent to approximately HK\$3,503,000,000) as third instalment shall be payable within 30 days upon the fulfilment of the condition precedent numbered (i) as set out in the paragraph headed "Conditions precedent to the Disposal" below; and
- (iv) the remaining balance shall be payable within 30 days after Completion.

The maximum Consideration of RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000) was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, (i) the maximum amount of Shareholder's Loan of RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000); (ii) factors set out in the paragraph headed "Reasons for the Disposal" below; (iii) the unaudited net asset value of the Project Company of approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as shown on its management accounts as at 30 June 2011; and (iv) the valuation of the Land Parcel of RMB9,884,000,000 (equivalent to approximately HK\$12,058,000,000) by the Independent Valuer as at 30 September 2011. As at the Latest Practicable Date, the first instalment of the Consideration has been settled by the Purchaser.

The Company is of the view that it will benefit by entering into the Agreement with the Purchaser so as to minimise the capital commitment required on the part of the Company for the development of the Land Parcel and to improve the gearing level by settling the debts of the Group. For more details, please refer to the paragraph headed "Reasons for the Disposal" below.

LETTER FROM THE BOARD

Based on the factors mentioned above, the Directors considered that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Disposal

Pursuant to the Agreement, Completion is subject to the fulfilment or waiver (where applicable as provided below) of the following conditions:

- (i) the compliance by the Company with the disclosure and independent shareholders' approval requirements under the Listing Rules (including but not limited to Chapter 14 and Chapter 14A of the Listing Rules) in relation to the Agreement and the transactions contemplated thereunder;
- (ii) the Disposal not being in breach of and in full compliance with the applicable laws and regulations, including but not limited to, the obtaining of any approval, consents and authorisation from the necessary governmental and regulatory bodies and satisfaction of relevant standards and conditions;
- (iii) the obtaining by Shanghai Zendai Land of the approval of the Agreement and the transactions contemplated thereunder from the board of directors and shareholders of Shanghai Zendai Land;
- (iv) the obtaining by the Purchaser of the approval of the Agreement and the transactions contemplated thereunder from the board of directors and shareholders of the Purchaser;
- (v) payment of part of the Consideration in accordance with the time as set out in the paragraph headed "Consideration" above; and
- (vi) (if required) the obtaining of approval or filing of the transfer of the Sale Interest and the Shareholder's Loan pursuant to the Agreement from the Shanghai Municipal Commission of Commerce in compliance with 《關於外商投資企業境內投資的暫行規定》 (Rules for Investment in China by Enterprises with Foreign Investment)* and/or the applicable laws and regulations.

Conditions (i), (ii), (iii) (iv) and (vi) cannot be waived by Shanghai Zendai Land or the Purchaser. Shanghai Zendai Land may, at its absolute discretion in writing, waive condition (v).

In the event that the above conditions precedent are not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Agreement shall be terminated automatically. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled or waived.

LETTER FROM THE BOARD

Completion

Completion shall take place upon the registration procedure regarding the change in shareholding of the Project Company having been completed at the registry of the Industry and Commerce Bureau which shall take place within 30 days after the fulfilment or waiver (as the case may be) of the above conditions precedent.

Upon Completion, the Project Company will cease to be a subsidiary of the Company. The Group will not consolidate the financial results of the Project Company. After the Disposal, 35% of the issued share capital in the Project Company would be beneficially owned by the Company through the Purchaser. As at the Latest Practicable Date, the Directors confirmed that there was no arrangement, understanding, intention or negotiation, whether formal or informal, whether express or implied, whether concluded or otherwise, about any further disposal of the remaining 35% interests in the Project Company.

POTENTIAL FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited pro forma statement of financial position of the Remaining Group as set out in Appendix III to this circular, (i) assuming the Disposal had taken place on 1 January 2011, it is expected that the Company will make a gain on the Disposal of approximately HK\$58.3 million, being 65% of the reclassification of adjustment of cumulative exchange gain on the translation of the Project Company of approximately HK\$93.4 million will be credited to the Company, and after taking into account of the estimated expenses incurred for the Disposal of approximately HK\$2.4 million, given there is no shortfall between the maximum Consideration and the aggregate sum of the net asset value of the Project Company as at 1 January 2011 and the maximum amount of Shareholder's Loan; and (ii) assuming the Disposal had taken place on 30 June 2011, it is expected that the Company will make a gain on the Disposal of approximately HK\$182.8 million, being 65% of the reclassification of adjustment of cumulative exchange gain on the translation of the Project Company of approximately HK\$284.9 million will be credited to the Company, and after taking into account of the estimated expenses incurred for the Disposal of approximately HK\$2.4 million, given there is no shortfall between the maximum Consideration and the aggregate sum of the net asset value of the Project Company as at 30 June 2011 and the maximum amount of Shareholder's Loan. The difference between the estimated gains assuming the Disposal has taken place on 1 January 2011 and on 30 June 2011 is resulted from the appreciation of the exchange rate of RMB to HK\$ from 1.177 on 1 January 2011 to 1.204 on 30 June 2011.

The cash proceeds from the Disposal after deducting the expenses relating to the Disposal is estimated to be approximately RMB9,568,000,000 (equivalent to approximately HK\$11,673,000,000) and will be applied to settle primarily the amount due to the Purchaser, which amounted to approximately RMB8,540,000,000 (equivalent to approximately HK\$10,419,000,000) as at 30 September 2011, and the remaining balance (if any) to settle other bank loans of the Group.

LETTER FROM THE BOARD

EFFECTS OF THE DISPOSAL ON ASSETS AND LIABILITIES AND EARNINGS OF THE REMAINING GROUP

Based on the unaudited pro forma financial information of the Remaining Group as set out in the Appendix III to this circular, (i) the Group's total assets as at 30 June 2011 would decrease by approximately 2.0% from approximately HK\$23,983.4 million to approximately HK\$23,506.6 million, and the Group's total liabilities as at 30 June 2011 would decrease by approximately 2.0% from approximately HK\$18,615.4 million to approximately HK\$18,240.5 million assuming the Disposal had been completed on 30 June 2011; and (ii) the Group's profit for the six months ended 30 June 2011 would increase by approximately 57.4% from approximately HK\$101.9 million to approximately HK\$160.4 million, which is calculated based on the assumption that the Disposal was completed on 1 January 2011.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Remaining Group will be upon Completion.

REASONS FOR THE DISPOSAL

Given its unique location, the Board is of the view that the Land Parcel is of outstanding development potential and the realisation of the Land Parcel upon completion of the development will enhance the Group's profitability in the future. Given the Group's extensive experience in developing large-scale office and commercial complex such as Shanghai Zendai Wudaokou Financial Center (上海五道口金融中心) and Shanghai Zendai Thumb Plaza (上海証大大拇指廣場), the Board is confident that the Land Parcel (外灘國際金融中心 (8-1)地塊) will be another landmark development in Shanghai.

However, having regarded to the current PRC property market conditions, the Board considers that the massive capital needed for the development of the Land Parcel will be a financial burden to the Group. Therefore, it is the intention of the Company to develop the Land Parcel by a project company with other investors in order to maintain the potential profit upon completion of the development while minimising the capital commitment required on the part of the Company for the development.

The Group considers that the Disposal represents a good opportunity for the Group to liquidate part of its interest in the Land Parcel in order to reorganise its assets portfolio and reduce the financial burden of the Group for the development of the Land Parcel. It is expected that the Disposal would bring cash inflow to the Group to reduce the Group's liabilities and as a result improve the gearing level of the Group.

As such, the Directors consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE PURCHASER

The Purchaser, 上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment Management Co., Ltd.)*, a limited liability company established under the laws of the PRC, is owned as to 35%, 50%, 10% and 5% by the Company, Zhejiang Fosun, Greentown and Panshi respectively.

The Purchaser was established for the purpose of development and investment in projects located in Shanghai, the PRC. As at the Latest Practicable Date, the Purchaser had not commenced any operation since its establishment in October 2010 and the Forte Pledge had been executed. The Forte Pledge will be released upon Completion.

INFORMATION ON THE GROUP

The Group is principally engaged in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties, provision of travel and related services.

The Group is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC. The Group currently has property projects under development in 12 cities which are located in three regions including northern China, Shanghai city and its surroundings, and Hainan province. The Group is committed to pursuing promising integrated commercial and residential property projects in the PRC. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to the Shareholders.

Shanghai Zendai Land is an investment holding company of property project companies in the PRC.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a limited liability company established under the laws of the PRC. The major asset of the Project Company comprises the Land Parcel.

The Land Parcel (外灘國際金融中心(8-1)地塊) is located in the Bund of 黃浦區 (Huangpu District), between 豫園 (Yu Garden) and 十六鋪 (Shiliupu), Shanghai and covers a total site area of approximately 45,471.9 square metres with planned above-ground spaces in the gross floor area of approximately 270,000 square metres and an additional 100,000 square metres of underground spaces.

This part of the Bund is considered to be the prestigious central business district of the financial and commercial community in Shanghai. Located beside the Huangpu River, the Land Parcel provides a fantastic view of the Huangpu River, Shanghai World Financial Center (上海浦東上海環球金融中心) and Jin Mao Tower (金茂大廈) in Pudong district.

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The Land Parcel is designated for integrated office, commercial, financial and cultural use. Upon completion of development, the office and commercial-related gross floor area of above-ground spaces shall be not less than 70% and 15% of the developed area respectively. The terms for the grant of the land use right of the Land Parcel for (i) culture and office uses and (ii) commercial and finance uses are 50 years and 40 years respectively.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the three years ended 31 December 2010 and the six months ended 30 June 2011:

(i) For the six months ended 30 June 2011

Results

For the six months ended 30 June 2011, the Remaining Group's consolidated turnover was approximately HK\$1,322.7 million (2010: approximately HK\$2,792.9 million), which mainly comprised revenue from sale of properties of approximately HK\$1,125.7 million (2010: approximately HK\$2,636.7 million), revenue from hotel operations of approximately HK\$76.1 million (2010: approximately HK\$70.2 million), revenue from properties rental, management and agency services of approximately HK\$115.3 million (2010: approximately HK\$80.7 million) and revenue from travel and related services of approximately HK\$5.6 million (2010: approximately HK\$5.4 million).

Other items include cost of sales of approximately HK\$601.5 million (2010: approximately HK\$1,772.0 million), other income and gains of approximately HK\$117.8 million (2010: approximately HK\$17.6 million), distribution expenses of approximately HK\$58.5 million (2010: approximately HK\$37.0 million), administrative expenses of approximately HK\$136.8 million (2010: approximately HK\$137.3 million), change in fair value of investment properties of approximately HK\$9.3 million (2010: approximately HK\$7.2 million), impairment loss on goodwill of approximately HK\$1.0 million (2010: nil), share of loss of associates of approximately HK\$54.7 million (2010: gain of approximately HK\$40.3 million), share of loss of a jointly-controlled entity of approximately HK\$1.7 million (2010: approximately HK\$1.0 million), finance costs of approximately HK\$238.2 million (2010: approximately HK\$105.9 million), income tax expenses of approximately HK\$255.4 million (2010: approximately HK\$463.1 million) and gain on Disposal of approximately HK\$58.3 million (2010: nil).

While there were reversal of impairment loss on property, plant and equipment of approximately HK\$5.5 million and reversal of impairment loss on payment for leasehold land held for own use under operating leases of approximately HK\$39.1 million for the six months ended 30 June 2010, there were no such items for the six months ended 30 June 2011. After taking into account share of results by

LETTER FROM THE BOARD

non-controlling interests, the profit attributable to the owners of the Company for the six months ended 30 June 2011 was approximately HK\$166.8 million (2010: approximately HK\$386.6 million) and the basic earnings per share was approximately HK\$0.013 (2010: approximately HK\$0.032).

The considerable decrease in turnover of the Remaining Group for the period ended 30 June 2011 was due to substantially less property were delivered as compared to the previous respective period. The profit of the Remaining Group decreased significantly from approximately HK\$386.5 million for the six months ended 30 June 2010 to approximately HK\$160.4 million for the six months ended 30 June 2011. This was mainly due to the decrease in turnover from approximately HK\$2,792.9 million for the six months ended 30 June 2010 to approximately HK\$1,322.7 million for the six months ended 30 June 2011, the share of results of associates of a loss of approximately HK\$54.7 million for the six months ended 30 June 2011 while a gain of approximately HK\$40.3 million for the six months ended 30 June 2010 and the increase in the finance cost from approximately HK\$105.9 million for the six months ended 30 June 2010 to approximately HK\$238.2 million for the six months ended 30 June 2011. The increase in finance cost was mainly due to increase in bank loans and other borrowing in the second half of 2010 and in the first half of 2011.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$1,125.7 million, decreasing by approximately 57.3% from approximately HK\$2,636.7 million for the six months ended 30 June 2010 and segment profit before income tax expenses amounted to approximately HK\$555.4 million, decreasing by approximately 39.6% from approximately HK\$919.4 million in the respective previous period. The substantial decreases in both segment turnover and segment profit were due to considerably less properties were delivered.

For hotel operations, segment turnover amounted to approximately HK\$76.1 million, increasing by approximately 8.4% from approximately HK\$70.2 million for the six months ended 30 June 2010 and segment profit before income tax expenses amounted to approximately HK\$13.6 million, decreasing by approximately 76.8% from approximately HK\$58.6 million. The increase in segment turnover was due to the increase in room rate while the decrease in segment profit was attributable to the absence of reversal of impairment loss on property, plant and equipment and on payment for leasehold land held for own use under operating leases for the current period (there was a reversal in the aggregate sum of approximately HK\$44.6 million in the corresponding period in last year).

LETTER FROM THE BOARD

For properties rental, management and agency services, segment turnover amounted to approximately HK\$115.3 million, increasing by approximately 42.9% from approximately HK\$80.7 million for the six months ended 30 June 2010 and segment profit before income tax expenses amounted to approximately HK\$35.5 million, increasing by approximately 133.6% from approximately HK\$15.2 million. The increases in both segment turnover and segment profit were due to the increase in rent and management fee charged.

For travel and related services, segment turnover amounted to approximately HK\$5.6 million, increasing by approximately 3.7% from approximately HK\$5.4 million for the six months ended 30 June 2010 and segment profit before income tax expenses amounted to approximately HK\$0.033 million, increasing by approximately 106.3% from approximately HK\$0.016 million.

Liquidity, financial resources and capital structure

As at 30 June 2011, the net assets of the Remaining Group were approximately HK\$5,266.0 million (31 December 2010: approximately HK\$5,091.7 million). Net current assets amounted to approximately HK\$4,042.4 million (31 December 2010: approximately HK\$5,472.0 million) with current ratio of the Remaining Group as at 30 June 2011 was approximately 1.26 times (31 December 2010: 1.44 times). The decrease in the net current assets was mainly due to the increase in receipts in advance from customers due to properties not yet delivered to customers and other borrowing and senior loan notes were reclassified from non-current liabilities to current liabilities, leading to an increase in the current liabilities of the Remaining Group. As at 30 June 2011, the Remaining Group had cash and cash equivalents including pledge bank deposits of approximately HK\$13,055.5 million (31 December 2010: approximately HK\$12,823.0 million), with bank and other loans of approximately HK\$2,924.2 million (31 December 2010: approximately HK\$2,541.3 million), of which approximately HK\$817.7 million (31 December 2010: approximately HK\$896.7 million) is repayable within one year and approximately HK\$2,106.5 million (31 December 2010: approximately HK\$1,644.6 million) is repayable more than one year.

Charges on assets

As at 30 June 2011, the Remaining Group's property, plant and equipment, payment for leasehold land held for own use under operating leases, investment properties, properties under development and for sales and pledged bank deposits of approximately HK\$369.0 million, approximately HK\$594.6 million, approximately HK\$1,810.2 million, approximately HK\$1,516.8 million and approximately HK\$261.5 million respectively had been pledged to banks to secure bank and other loans granted to the Remaining Group.

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The Remaining Group pledged 10% equity interest in the Purchaser, being an associate of the Remaining Group with attributable carrying amount of approximately HK\$120.5 million (31 December 2010: approximately HK\$117.8 million) and entire interest in a subsidiary, 上海証大西鎮置業有限公司 (Shanghai Zendai Xizhen Development Company Limited)* which has properties under development with carrying amount of approximately HK\$601.2 million (31 December 2010: approximately HK\$568.2 million) for other financing arrangements of the Remaining Group. Moreover, the Remaining Group pledged 45% equity interest in 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)*, being an associate of the Remaining Group with attributable carrying amount of approximately HK\$424.1 million (31 December 2010: approximately HK\$458.7 million) to secure the shareholder's loan provided to the Purchaser.

The Remaining Group also pledged its equity interests in certain subsidiaries to secure the senior loan notes.

Gearing ratio

The gearing ratio of the Remaining Group (total of amounts due to related companies, bank and other loans, senior loan notes and other borrowing divided by Shareholders' funds) increased from approximately 0.97 times as at 31 December 2010 to approximately 1.04 times as at 30 June 2011. The increase in the gearing ratio was mainly due to the increase in bank and other loans.

Exchange rate and interest rate risks exposure

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Part of the Group's cash and cash equivalents and the Group's senior loan notes are denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Contingent liabilities

The Remaining Group provided guarantees of approximately HK\$392.8 million as at 30 June 2011 (31 December 2010: approximately HK\$335.2 million) for customers in favour of banks in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties.

Save as disclosed above, the Remaining Group did not have any material contingent liabilities outstanding.

Material acquisitions or disposals of subsidiaries and associated companies

On 28 June 2011, the Group's parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province was sold at a total consideration of approximately HK\$263.0 million.

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During the six months ended 30 June 2011, save for the above and the Disposal, the Remaining Group did not acquire or dispose of any material subsidiary or associated company.

Employees and remuneration policies

As at 30 June 2011, the Remaining Group employed approximately 1,490 employees (31 December 2010: 1,300) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

(ii) For the year ended 31 December 2010

Results

For the year ended 31 December 2010, the Remaining Group's consolidated turnover was approximately HK\$3,959.1 million (2009: approximately HK\$2,162.1 million), which mainly comprised revenue from sale of properties of approximately HK\$3,612.1 million (2009: approximately HK\$1,882.0 million), revenue from hotel operation of approximately HK\$153.0 million (2009: approximately HK\$108.2 million), revenue from properties rental, management and agency services of approximately HK\$182.0 million (2009: approximately HK\$163.1 million) and revenue from travel and related services of approximately HK\$12.0 million (2009: approximately HK\$8.9 million).

Other items include cost of sales of approximately HK\$2,490.1 million (2009: approximately HK\$1,305.3 million), other income and gains of approximately HK\$35.2 million (2009: approximately HK\$78.9 million), distribution expenses of approximately HK\$81.1 million (2009: approximately HK\$58.8 million), administrative expenses of approximately HK\$286.6 million (2009: approximately HK\$203.7 million), reversal of impairment loss on property, plant and equipment of approximately HK\$11.0 million (2009: approximately HK\$16.6 million), reversal of impairment loss on payment for leasehold land held for own use under operating leases of approximately HK\$48.0 million (2009: approximately HK\$10.3 million), reversal of write-down of property under development of approximately HK\$22.4 million (2009: approximately HK\$50.2 million), change in fair value of investment properties of approximately HK\$21.8 million (2009: approximately HK\$275.9 million), impairment loss on goodwill of approximately HK\$45.9 million (2009: approximately 0.6 million), impairment loss on other receivable of approximately HK\$19.2 million (2009: nil), waiver of an other receivable of approximately HK\$63.4 million (2009: nil), share of gain of associates of approximately HK\$298.0 million (2009: loss of approximately HK\$26.0 million), share of loss of a jointly-controlled entity of approximately HK\$2.8 million (2009: nil), finance costs of approximately HK\$256.6 million (2009: approximately HK\$171.1 million), income tax expenses of approximately HK\$582.0 million (2009: approximately HK\$387.1 million) and gain on Disposal of approximately HK\$58.3 million (2009: nil).

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While there was change in fair value of financial assets at fair value through profit or loss of approximately HK\$8.9 million for the year ended 31 December 2009, there was no such item for the year ended 31 December 2010. After taking into account share of results by non-controlling interests, the profit attributable to the owners of the Company for the year ended 31 December 2010 was approximately HK\$628.2 million (2009: approximately HK\$421.3 million) and the basic earnings per share was approximately HK\$0.051 (2009: approximately HK\$0.041).

The increase in turnover of the Remaining Group for the year ended 31 December 2010 was due to substantially more property were delivered as compared to the previous corresponding year . The profit of the Remaining Group increased significantly from approximately HK\$450.3 million for the year ended 31 December 2009 to approximately HK\$627.6 million for the year ended 31 December 2010. This was mainly due to the significant increase in turnover from approximately HK\$2,162.1 million for the year ended 31 December 2009 to approximately HK\$3,959.1 million for the year ended 31 December 2010, the share of results of associates of a gain of approximately HK\$298.0 million for the year ended 31 December 2010 while a loss of approximately HK\$26.0 million for the year ended 31 December 2009 and a gain on Disposal of approximately HK\$58.3 million.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$3,612.1 million, increasing by approximately 91.9% from approximately HK\$1,882.0 million for the year ended 31 December 2009 and segment profit before income tax expenses amounted to approximately HK\$1,314.9 million, increasing by approximately 94.7% from approximately HK\$675.4 million. The substantial increases in both segment turnover and segment profit were due to more properties were delivered.

For hotel operations, segment turnover amounted to approximately HK\$153.0 million, increasing by approximately 41.4% from approximately HK\$108.2 million for the year ended 31 December 2009 and segment profit before income tax expenses amounted to approximately HK\$83.1 million, increasing by approximately 194.7% from approximately HK\$28.2 million. The increases in both segment turnover and segment profit were due to the higher occupancy rate and room rate charged as a result of Shanghai Expo took place in Shanghai.

For properties rental, management and agency services, segment turnover amounted to approximately HK\$182.0 million, increasing by approximately 11.6% from approximately HK\$163.1 million for the year ended 31 December 2009 and segment profit before income tax expenses amounted to approximately HK\$57.1 million, decreasing by approximately 82.0% from approximately HK\$317.0 million. Such decrease was mainly due to revaluation surplus of investment properties decreased from HK\$275.9 million in 2009 to HK\$21.8 million in 2010.

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For travel and related services, segment turnover amounted to approximately HK\$12.0 million, increasing by approximately 34.8% from approximately HK\$8.9 million for the year ended 31 December 2009 and segment profit before income tax expenses amounted to approximately HK\$0.02 million, which improved from a loss of approximately HK\$0.2 million. The increases in both segment turnover and segment profit were due to the recovery of the economy as the adverse effect of the financial crisis in 2009 diminished.

Liquidity, financial resources and capital structure

As at 31 December 2010, the net assets of the Remaining Group were approximately HK\$5,091.7 million (31 December 2009: approximately HK\$3,784.2 million). Net current assets amounted to approximately HK\$5,472.0 million (31 December 2009: approximately HK\$3,372.7 million) with current ratio of the Remaining Group as at 31 December 2010 was approximately 1.44 times (31 December 2009: 2.13 times). The increase in the net current assets was mainly due to the increase in cash and cash equivalents as a result of the increase in other borrowing of HK\$1,127.6 million which was classified as non-current liabilities, leading to an increase in the current assets of the Remaining Group. As at 31 December 2010, the Remaining Group had cash and cash equivalents including pledge bank deposits of approximately HK\$12,823.0 million (31 December 2009: approximately HK\$599.9 million), with bank and other loans of approximately HK\$2,541.3 million (31 December 2009: approximately HK\$1,390.6 million), of which approximately HK\$896.7 million (31 December 2009: approximately HK\$282.0 million) is repayable within one year and approximately HK\$1,644.6 million (31 December 2009: approximately HK\$1,108.6 million) is repayable more than one year.

Charges on assets

As at 31 December 2010, the Remaining Group's property, plant and equipment, payment for leasehold land held for own use under operating leases, investment properties, properties under development and for sales and pledged bank deposits of approximately HK\$361.6 million, approximately HK\$591.8 million, approximately HK\$1,769.1 million, approximately HK\$2,805.0 million and approximately HK\$393.9 million respectively had been pledged to banks to secure bank and other loans granted to the Remaining Group.

The Remaining Group also pledged its entire interest in 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)* and 10% equity interest in the Purchaser, being associates of the Remaining Group with attributable carrying amounts of approximately HK\$458.7 million and approximately HK\$117.8 million, respectively, and a subsidiary, 上海証大西鎮房地產開發有限公司 (Shanghai Zendai Xizhen Development Company Limited)* with carrying amount of approximately HK\$479.1 million (including properties under development and for sales with carrying amount of approximately HK\$568.2 million) for other financing arrangements of the Group.

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Gearing ratio

The gearing ratio of the Remaining Group (total of amounts due to related companies, bank and other loans, senior loan notes and other borrowing divided by Shareholders' funds) increased from approximately 0.70 times as at 31 December 2009 to approximately 0.97 times as at 31 December 2010. The increase in the gearing ratio was mainly due to the increase in bank loans and other borrowing.

Exchange rate and interest rate risks exposure

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Part of the Group's cash and cash equivalents and the Group's senior loan notes are denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Contingent liabilities

The Remaining Group provided guarantees of approximately HK\$335.2 million at 31 December 2010 (31 December 2009: approximately HK\$273.8 million) for customers in favour of banks in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as disclosed above, the Remaining Group did not have any material contingent liabilities outstanding.

Material acquisitions or disposals of subsidiaries and associated companies

The Group succeeded in its bid for the Land Parcel for RMB9,220,000,000 in February 2010. The Land Parcel has a total site area of 45,472 square meters and is designated for integrated office, commercial, financial and culture use.

During the year ended 31 December 2010, save for the above and the Disposal, the Remaining Group did not acquire or dispose of any material subsidiary or associated company.

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Employees and remuneration policies

As at 31 December 2010, the Remaining Group employed approximately 1,300 employees (31 December 2009: 1,110) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

(iii) For the year ended 31 December 2009

Results

For the year ended 31 December 2009, the Remaining Group's consolidated turnover was approximately HK\$2,162.1 million (2008: approximately HK\$1,968.6 million), which mainly comprised revenue from sale of properties of approximately HK\$1,882.0 million (2008: approximately HK\$1,802.7 million), revenue from hotel operation of approximately HK\$108.2 million (2008: approximately HK\$59.4 million), revenue from properties rental, management and agency services of approximately HK\$163.1 million (2008: approximately HK\$94.7 million) and revenue from travel and related services of approximately HK\$8.9 million (2008: approximately HK\$11.8 million).

Other items include cost of sales of approximately HK\$1,305.3 million (2008: approximately HK\$989.2 million), other income and gains of approximately HK\$78.9 million (2008: approximately HK\$65.8 million), distribution expenses of approximately HK\$58.8 million (2008: approximately HK\$36.0 million), administrative expenses of approximately HK\$203.7 million (2008: approximately HK\$174.7 million), reversal of impairment loss on property, plant and equipment of approximately HK\$16.6 million (2008: impairment loss of approximately HK\$61.0 million), reversal of impairment loss on payment for leasehold land held for own use under operating leases of approximately HK\$10.3 million (2008: impairment loss of approximately HK\$97.3 million), reversal of write-down of property under development of approximately HK\$50.2 million (2008: write-down of approximately HK\$48.7 million), change in fair value of investment properties of a gain of approximately HK\$275.9 million (2008: a loss of approximately HK\$169.0 million), impairment loss on goodwill of approximately HK\$0.6 million (2008: HK\$32.5 million), change in fair value of financial assets at fair value through profit or loss of a gain of approximately HK\$8.9 million (2008: a loss of approximately HK\$73.9 million), share of loss of associates of approximately HK\$26.0 million (2008: a gain of approximately HK\$44.8 million), finance costs of approximately HK\$171.1 million (2008: approximately HK\$191.9 million) and income tax expenses of approximately HK\$387.1 million (2008: approximately HK\$399.4 million).

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While there were excess of the Remaining Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK\$371.9 million, gain on deemed disposal of a subsidiary of approximately HK\$128.0 million and share of loss of a jointly controlled entity of approximately HK\$0.8 million for the year ended 31 December 2008, there were no such items for the year ended 31 December 2009. After taking into account share of results by non-controlling interests, the profit attributable to the owners of the company for the year ended 31 December 2009 was approximately HK\$421.3 million (2008: approximately HK\$317.4 million) and the basic earnings per share was approximately HK\$0.041 (2008: approximately HK\$0.037).

The increase in turnover of the Remaining Group for the year ended 31 December 2009 was due to the incomes from the property rental, management and agency services and hotel operations companies acquired in July 2008 were fully booked in this year. The profit of the Remaining Group increased significantly from approximately HK\$304.6 million for the year ended 31 December 2008 to approximately HK\$450.3 million for the year ended 31 December 2009. This was mainly due to the significant increase in fair value of investment properties of approximately HK\$275.9 million in 2009 as opposed to a loss of approximately HK\$169.0 million in 2008.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$1,882.0 million, increasing by approximately 4.4% from approximately HK\$1,802.7 million for the year ended 31 December 2008 and segment profit before income tax expenses amounted to approximately HK\$675.4 million, decreasing by approximately 45.4% from approximately HK\$1,236.5 million due to gain on disposal of a subsidiary and negative goodwill arising from acquisition of Giant Hope Investment Limited and its subsidiaries in the sum of HK\$128.0 million and HK\$371.8 million respectively in 2008 but there was no such item in 2009.

For hotel operations, segment turnover amounted to approximately HK\$108.2 million, increasing by approximately 82.2% from approximately HK\$59.4 million for the year ended 31 December 2008 and segment profit before income tax expenses amounted to approximately HK\$28.2 million, improved significantly as opposed to a loss of approximately HK\$156.6 million due to the impairment loss of hotel properties in 2008 of approximately HK\$158.3 million.

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For properties rental, management and agency services, segment turnover amounted to approximately HK\$163.1 million, increasing by approximately 72.2% from approximately HK\$94.7 million for the year ended 31 December 2008 and segment profit before income tax expenses amounted to approximately HK\$317.0 million, improved significantly as opposed to a loss of approximately HK\$113.9 million. The increase in both segment turnover and the improvement in the segment earnings were due to the fact that income from the investment properties, management and agency services companies acquired in July 2008 was fully booked in 2009.

For travel and related services, segment turnover amounted to approximately HK\$8.9 million, decreasing by approximately 24.6% from approximately HK\$11.8 million for the year ended 31 December 2008 and segment loss before income tax expenses amounted to approximately HK\$0.2 million, as opposed to the profit of approximately HK\$0.09 million. The decrease in the segment turnover and profit were due to the decrease in revenue from inbound tours.

Liquidity, financial resources and capital structure

As at 31 December 2009, the net assets of the Remaining Group were approximately HK\$3,784.2 million (31 December 2008: approximately HK\$3,300.0 million). Net current assets amounted to approximately HK\$3,372.7 million (31 December 2008: approximately HK\$2,850.4 million) with current ratio of the Remaining Group as at 31 December 2009 was approximately 2.13 times (31 December 2008: 2.12 times). The increase in the net current assets was mainly due to the increase in the deposits for property development (deposit of RMB465 million was paid as security for the auction of the Land Parcel), leading to an increase in the current assets of the Remaining Group. As at 31 December 2009, the Remaining Group had cash and cash equivalents of approximately HK\$599.9 million (31 December 2008: approximately HK\$384.4 million), with bank and other loans of approximately HK\$1,390.6 million (31 December 2008: approximately HK\$1,015.1 million), of which approximately HK\$282.0 million (31 December 2008: approximately HK\$325.4 million) is repayable within one year and approximately HK\$1,108.6 million (31 December 2008: approximately HK\$689.7 million) is repayable more than one year.

Charges on assets

As at 31 December 2009, the Remaining Group's hotel buildings, investment properties and properties for development and sales of approximately HK\$348 million, HK\$1,333 million and HK\$1,323 million respectively had been pledged to banks to secure bank loans granted to the Remaining Group.

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Gearing ratio

The gearing ratio of the Remaining Group (total of amounts due to related companies, bank loans, notes payable, convertible notes divided by Shareholders' funds) increased from approximately 0.69 times as at 31 December 2008 to approximately 0.70 times as at 31 December 2009. The increase in the gearing ratio was mainly due to the increase in bank loans.

Exchange rate and interest rate risks exposure

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Part of the Group's cash and cash equivalents and senior loan notes are denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Contingent liabilities

The Remaining Group provided guarantees of approximately HK\$273.8 million at 31 December 2009 (31 December 2008: approximately HK\$356.9 million) for customers in favour of banks in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as disclosed above, the Remaining Group did not have any material contingent liabilities outstanding.

Material acquisitions or disposals of subsidiaries and associated companies

In December 2009, the Group cooperated with Shanghai Media & Entertainment Group to form a joint venture company to acquire and develop two parcels of land in Nantong city, Jiangsu Province in the PRC. The two parcels of land have a total site area of 281,912 square metres and the cost is RMB532,812,508.20.

During the year ended 31 December 2009, save for the above, the Remaining Group did not acquire or dispose of any material subsidiary or associated company.

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Employees and remuneration policies

As at 31 December 2009, the Remaining Group employed approximately 1,110 employees (31 December 2008: 1,150) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

(iv) For the year ended 31 December 2008

Results

For the year ended 31 December 2008, the Remaining Group's consolidated turnover was approximately HK\$1,968.6 million (2007: approximately HK\$1,556.2 million), which mainly comprised revenue from sale of properties of approximately HK\$1,802.7 million (2007: approximately HK\$1,507.7 million), revenue from hotel operation of approximately HK\$59.4 million (2007: nil), revenue from properties rental, management and agency services of approximately HK\$94.7 million (2007: approximately HK\$33.2 million) and revenue from travel and related services of approximately HK\$11.8 million (2007: approximately HK\$15.4 million).

Other items include cost of sales of approximately HK\$989.2 million (2007: approximately HK\$937.5 million), other income and gains of approximately HK\$65.8 million (2007: approximately HK\$91.4 million), distribution expenses of approximately HK\$36.0 million (2007: approximately HK\$44.8 million), administrative expenses of approximately HK\$174.7 million (2007: approximately HK\$69.3 million), impairment loss on property, plant and equipment of approximately HK\$61.0 million (2007: nil), impairment loss on payment for leasehold land held for own use under operating leases of approximately HK\$97.3 million (2007: nil), write-down of property under development of approximately HK\$48.7 million (2007: nil), change in fair value of investment properties of a loss of approximately HK\$169.0 million (2007: a gain of approximately HK\$192.7 million), impairment loss on goodwill of approximately HK\$32.5 million (2007: nil), change in fair value of financial assets at fair value through loss of approximately HK\$73.9 million (2007: nil), share of gain of associates of approximately HK\$44.8 million (2007: approximately HK\$5.1 million), share of loss of a jointly controlled entity of approximately HK\$0.8 million (2007: nil), finance costs of approximately HK\$191.9 million (2007: approximately HK\$94.4 million), excess of the Remaining Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK\$371.9 million (2007: approximately HK\$0.9 million), gain on deemed disposal of a subsidiary of approximately HK\$128.0 million (2007: nil) and income tax expenses of approximately HK\$399.4 million (2007: approximately HK\$343.1 million).

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After taking into account share of results by non-controlling interests, the profit attributable to the owners of the company for the year ended 31 December 2008 was approximately HK\$317.4 million (2007: approximately HK\$309.0 million) and the basic earnings per share was approximately HK\$0.037 (2007: approximately HK\$0.050).

The increase in turnover of the Remaining Group for the year ended 31 December 2008 was due to the more delivery of high value properties by the Remaining Group and the gain from disposal of part of interest in Shanghai Zendai Himalaya Real Estate Company Limited. The profit of the Remaining Group decreased from approximately HK\$357.3 million for the year ended 31 December 2007 to approximately HK\$304.6 million for the year ended 31 December 2008. This was mainly due to the increase in administrative expenses from approximately HK\$69.3 million to approximately HK\$182.4 million and increase in finance cost from approximately HK\$94.4 million to approximately HK\$184.2 million, which was due to the consolidation of the administrative expenses and finance cost as a result of the acquisition of Giant Hope Investment Limited and its subsidiaries in July 2008.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$1,802.7 million, increasing by approximately 19.6% from approximately HK\$1,507.7 million for the year ended 31 December 2007 and segment profit before income tax expenses amounted to approximately HK\$1,236.5 million, increasing by approximately 126.9% from approximately HK\$545.0 million. The increase in segment turnover was mainly due to the increase in high value properties available for delivery to buyers by the Remaining Group during the year. The increase in segment profit was mainly due to the increase in the segment turnover and the one-off gain of excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost.

For hotel operations, segment turnover amounted to approximately HK\$59.4 million and segment loss amounted to approximately HK\$156.7 million. The increase in segment turnover was due to the acquisition of Raddison Hotel during the year while the segment loss was mainly due to impairment loss of Raddison Hotel of HK\$158.3 million.

For properties rental, management and agency services, segment turnover amounted to approximately HK\$94.7 million, increasing by approximately 185.2% from approximately HK\$33.2 million for the year ended 31 December 2007 and segment loss amounted to approximately HK\$113.9 million, as opposed to the segment profit before income tax expenses of approximately HK\$218.2 million. The increase in segment turnover was due to the acquisition of investment properties and management and agency services companies during the year. The segment loss as

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opposed to the segment profit in previous year was mainly due to the revaluation loss of investment properties of HK\$169.0 million in 2008 as opposed to the gain of approximately HK\$192.7 million in 2007.

For travel and related services, segment turnover amounted to approximately HK\$11.8 million, decreasing by approximately 23.4% from approximately HK\$15.4 million for the year ended 31 December 2007 and segment profit before income tax expenses amounted to approximately HK\$0.06 million, as opposed to the loss of approximately HK\$1.0 million.

Liquidity, financial resources and capital structure

As at 31 December 2008, the net assets of the Remaining Group were approximately HK\$3,300.0 million (31 December 2007: approximately HK\$2,529.5 million). Net current assets amounted to approximately HK\$2,850.4 million (31 December 2007: approximately HK\$3,133.8 million) with current ratio of the Remaining Group as at 31 December 2008 was approximately 2.12 times (31 December 2007: 2.27 times). The decrease in the net current assets was mainly due to the decrease in the cash and cash equivalents, leading to a decrease in the current assets and the increase in bank loans and tax payable, leading to an increase in the current liabilities of the Remaining Group. As at 31 December 2008, the Remaining Group had cash and cash equivalents of approximately HK\$384.4 million (31 December 2007: approximately HK\$1,327.9 million), with bank and other loans of approximately HK\$1,015.1 million (31 December 2007: approximately HK\$708.9 million), of which approximately HK\$325.4 million (31 December 2007: approximately HK\$198.8 million) is repayable within one year and approximately HK\$689.7 million (31 December 2007: approximately HK\$510.2 million) is repayable more than one year.

Charges on assets

As at 31 December 2008, the Remaining Group's hotel buildings, investment properties and properties for development and sales of approximately HK\$341 million, HK\$1,004 million and HK\$1,006 million respectively had been pledged to banks to secure bank loans granted to the Remaining Group.

Gearing ratio

The gearing ratio of the Remaining Group (total of amounts due to related companies, bank loans, notes payable, convertible notes divided by Shareholders' funds) decreased from approximately 0.91 times as at 31 December 2007 to approximately 0.69 times as at 31 December 2008. The improvement in the gearing ratio was mainly due to the increase in the reserve of the Remaining Group as a result of issue of subscription shares.

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Exchange rate and interest rate risks exposure

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. Part of the Group's cash and cash equivalents and senior loan notes are denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Contingent liabilities

The Remaining Group provided guarantees of approximately HK\$356.9 million at 31 December 2008 (31 December 2007: approximately HK\$47.5 million) for customers in favour of banks in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as disclosed above, the Remaining Group did not have any material contingent liabilities outstanding.

Material acquisitions or disposals of subsidiaries and associated companies

On 9 October 2007, the Group entered into an agreement with Shanghai Zendai Investment Development Company Limited, a company which is wholly owned by Mr. Dai Zhikang, a director of the Company, to further acquire the remaining 20% of the issued share capital of a subsidiary, 上海証大置業有限公司, at a consideration of RMB305,000,000 (equivalent to approximately HK\$334,929,000). The acquisition was completed on 23 January 2008.

On 2 January 2008, the Group entered into an agreement with an independent third party to acquire entire interest in Meiyi International Limited which held 60% interest in Hainan Huayi Land Company Limited (collectively referred to as "Meiyi Group") at a cash consideration of not more than RMB206,260,000. The major asset in Meiyi Group is a parcel of land with approximately 1,309,000 square metres in Chenmai County, Hainan. The acquisition was completed in January 2008.

On 15 April 2008, the Group entered into an agreement with Jointex Investment Holdings Limited ("Jointex") to acquire the entire interest of Giant Hope Investments Limited and its subsidiaries ("Giant Hope Group") and the loan due to Jointex by Giant Hope Group amounting to HK\$97,290,000 at a total consideration of HK\$702,240,000, satisfied by allotting 3,344,000,000 Company's shares to Jointex. Jointex is 85% owned by Giant Glory Assets Limited which is wholly

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owned by Mr. Dai Zhikang, a director of the Company. The remaining 15% of Jointex is owned by Conwealth International Limited, which is wholly owned by Mr. Zhu Nansong, also a director of the Company. The transaction was completed on 9 July 2008.

On 19 August 2008, the Group entered into an agreement with The Bureau of Land Resources in Dongsheng Area of Ordos City for the acquisition of two parcels of land in Inner Mongolia Autonomous Region, PRC at an aggregate consideration of RMB146,389,500 (equivalent to approximately HK\$166,940,000). The land parcels with total site area of 149,468 square meters are designated for commercial and residential use.

On 5 November 2008, the Group entered into an agreement with Shanghai Zendai Investment Development Company Limited to acquire 15% interest of HLCL at a consideration of RMB112,000,000 satisfied by cash of RMB15,478,000 and setting off a receivable from Shanghai Zendai Investment Development Company Limited of RMB96,522,000.

During the year ended 31 December 2008, save for the above, the Remaining Group did not acquire or dispose of any material subsidiary or associated company.

Employees and remuneration policies

As at 31 December 2008, the Remaining Group employed approximately 1,150 employees (31 December 2007: 280) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following Completion, the Remaining Group will continue to focus on the development, investment and management of commercial and residential properties, which consists of various integrated commercial complex, grade A office buildings and residential buildings in Shanghai, the PRC as well as other cities.

Despite the measures taken by the PRC government targeting to control over the property price, the Directors are of the view that factors such as increasing urbanization and rising household income would support the development of the property market in the PRC and therefore consider the prospect of the property market in the PRC to be optimistic. The Group will cautiously seek investment opportunities on the development of commercial properties in the PRC in order to enhance the Shareholder's value. In addition, the Group will monitor closely the macro-economic control policy under the prevailing situation and adjust the development strategies as and when appropriate.

LETTER FROM THE BOARD

As mentioned in the section headed “Reasons for the Disposal” above, the Company will apply the cash proceeds from the Disposal to settle the debts of the Group. The Directors are of the opinion that the proceeds from the Disposal would strengthen the financial position of the Group and enhance the ability of the Remaining Group to fund its other potential investment opportunities so as to maximise return to the Shareholders.

IMPLICATIONS OF THE LISTING RULES

As at the date of the Agreement, the Purchaser was owned as to 50% by Zhejiang Fosun. The Purchaser, by virtue of being an associate of Fosun, a substantial Shareholder, is a connected person of the Company within the meaning of the Listing Rules. As such, the entering into of the Agreement with the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given certain applicable percentage ratios under Rule 14.07 of the Listing Rules exceed 75%, the Disposal also constitutes a very substantial disposal for the Company and is therefore subject to the requirements of reporting, announcement and independent shareholders’ approval pursuant to Chapters 14 and 14A of the Listing Rules.

Fosun and its associates will be required to abstain from voting in relation to the resolution to approve the Agreement and the transactions contemplated thereunder at the SGM. As at the Latest Practicable Date, Fosun and its associates were interested in 2,431,815,000 Shares, representing approximately 19.47% of the total issued Shares. Apart from Fosun, there is no other Shareholder who has a material interest in the Agreement which is different from the other Shareholders.

Mr. Zhou Chun and Mr. Dong Wenliang, who are the non-executive Directors and the representatives of Fosun, have abstained from voting in the meeting of the Board in which the Agreement and the transactions contemplated thereunder were approved.

SGM

The SGM will be held at Unit A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong on Monday, 19 December 2011 at 10:30 a.m., the notice of which is set out on pages 75 to 76 of this circular, for the Independent Shareholders to consider and, if thought fit to approve, the Agreement and the transactions contemplated thereunder.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding 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 adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

Based on the reasons set out in the section headed “Reasons for the Disposal” above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 31 and 32 of this circular, and the letter from Partners Capital to the Independent Board Committee and Independent Shareholders set out on pages 33 to 45 and the information set out in the appendices to this circular.

By order of the Board
SHANGHAI ZENDAI PROPERTY LIMITED
Dai Zhikang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Disposal for the purpose of inclusion in 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)

25 November 2011

To the Independent Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 25 November 2011 (the “Circular”), of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Agreement and to advise you as to whether, in our opinion, the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole.

Partners Capital has been appointed as the Independent Financial Adviser to advise us and you regarding the terms of the Agreement. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 33 to 45 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Agreement and the advice from Partners Capital, we consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Lo Mun Lam, Raymond

Independent non-executive

Director

Lai Chik Fan

Independent non-executive

Director

Tse Hiu Tung, Sheldon

Independent non-executive

Director

LETTER FROM PARTNERS CAPITAL

The following is the text of a letter to the Independent Board Committee and the Independent Shareholders from Partners Capital in respect of the Agreement prepared for the purpose of incorporation in this circular.



博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

25 November 2011

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement, particulars of which are set out in the letter from the Board (the "Letter from the Board") of the circular to the shareholders (the "Shareholders") of the Company dated 25 November 2011 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, Shanghai Zendai Land and the Purchaser entered into the Agreement on 28 October 2011, pursuant to which the Purchaser has conditionally agreed to acquire and Shanghai Zendai Land has conditionally agreed to sell (i) the Sale Interest at the consideration of RMB7,000,000,000; and (ii) the Shareholder's Loan at a consideration equivalent to its face value (which shall not exceed RMB2,570,000,000) as at Completion.

We are not connected with the Directors, chief executive and substantial shareholders of the Company or the Purchaser or any of its subsidiaries or their respective Associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective Associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and

LETTER FROM PARTNERS CAPITAL

continue to be true as at the date of the Circular. We have also relied on our discussion with the Directors and management of the Company regarding the Group and the Agreement, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Purchaser and their respective Associates nor have we carried out any independent verification of the information supplied.

THE TRANSACTION

Principal factors considered

In arriving at our opinion regarding the terms of the Agreement, we have considered the following principal factors and reasons:

1. Background of Shanghai property market, the Group, the Project Company and its stakeholders, and the Land Parcel

Shanghai property market

The PRC government recently launched series of stricter austerity measures, including but not limited to restrictions on home purchases and mortgages for non-local homebuyers and local residents who already own homes, to facilitate the healthy development of the property market in the first half of 2011. As shown in the 2011 interim report of the Group, the policies of restrictions on property purchase and tightening of mortgages have helped slow down the rise in property prices.

As disclosed in the quarterly report of Knightfrank (“Knightfrank”) for the second quarter of 2011, the Shanghai economy continued to prove resilient but the growth rate slowed in the first half of 2011. In the first half of 2011, the value of the gross domestic product in Shanghai increased 8.4% year-on-year to RMB916.4 billion. The city’s total fixed asset investment decreased 5.8% year-on-year to RMB197.6 billion. Within this, urban infrastructure investment decreased 31.3% year-on-year to RMB40.8 billion and industrial investment increased 0.1% year-on-year to RMB46.7 billion. Real estate investment showed a strong upward trend and increased 9.4% to RMB92.5 billion. From January to June, Shanghai’s import and export value grew 21% year-on-year to US\$207.9 billion. In the first half of 2011, the utilised foreign direct investment reached US\$6.0 billion, an increase of 12% compared to the same period of 2010. From January to June, the number of newly established regional headquarters of multinational companies totalled 28, already two thirds the annual figure of the previous year.

LETTER FROM PARTNERS CAPITAL

The Group

The Group is a diversified property development company in China with focus on development, investment and management in respect of residential and commercial properties in China. The Group is currently developing real estate projects in three regions, i.e. the north of China, Shanghai and its surrounding area, as well as Hainan, across 12 cities.

The table below sets out the revenue contribution from each business segments for the three years ended 31 December 2010 and the six months ended 30 June 2011:

Expressed in RMB'million

	(audited)						(unaudited)			
	For the year ended						For the six months ended			
	2008		2009		2010		2010		2011	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Sales of properties	1,803	91	1,882	86	3,612	91	2,637	94	1,126	85
Other segments:										
Hotel operations	59	3	108	5	153	4	70	2	76	6
Properties rental, management & agency services	95	5	163	8	182	4	81	3	115	8
Travel & related services	12	1	9	1	12	1	5	1	6	1
	166	9	280	14	347	9	156	6	197	15
Total	1,969	100	2,162	100	3,959	100	2,793	100	1,323	100

Sales of properties segment of the Group

As shown above, a very substantial portion of the Group's revenue with a range from 85% to 94% was generated from the sales of properties in the PRC for the three years ended 31 December 2010 and the six months ended 30 June 2011. The sales of properties segment only recorded a 4.4% growth from RMB1,803 million to RMB1,882 million for the year ended 31 December 2009 but a remarkable growth of 91.9% for the year ended 31 December 2010 mainly due to more properties were delivered. For the year ended 31 December 2010, the Group's revenue was mainly generated from the delivery of (i) the office buildings including 五道口金融中心 (Wu Dao Kou Financial Center) and 証大立方大廈 (Zendai Yuanshen Financial Building) in Shanghai, (ii) the residential properties and ancillary commercial space in 証大寬域 (Zendai Quantland) in Shanghai, and (iii) the residential properties in Changchun, Jilin, Haimen and Chengdu. The Group also shared profits of associates generated from the delivery of residential properties and revaluation gains on investment properties.

LETTER FROM PARTNERS CAPITAL

For the six months ended 30 June 2011, turnover of the Group amounted to approximately HK\$1,322,680,000, a decrease of 53% against approximately HK\$2,792,937,000 the same period last year. The considerable decrease in turnover of the Group for the period were due to substantially less property were delivered as compared to the corresponding period in last year.

Other segments of the Group

Other revenue sources of the Group, namely hotel operations, properties rental, management and agency services, and travel and related services in aggregate accounted for a range from 6% to 15% with a steady growth pattern for the three years ended 31 December 2010 and the six months ended 30 June 2011. The increase in the turnover of the properties rental, management and agency services was due to the recovery of the economy as the adverse effect of the financial crisis in 2009 diminished. The increase of the turnover of the hotel operations was due to the higher occupancy rate and room rate charged as a result of Shanghai Expo took place in Shanghai.

Project Company

The Project Company is a limited liability company established under the laws of the PRC. The major asset of the Project Company comprises the Land Parcel. The Project Company has a registered capital of RMB7,000 million and was indirectly wholly owned by the Company.

The Project Company remained dormant and did not generate any revenue since its establishment. The loss after tax of the Project Company for the six months ended 30 June 2011, as disclosed in Appendix I to the Circular, was HK\$254,000.

Other major stakeholders of the Purchaser

Fosun, the parent company of Zhejiang Fosun which owned as at 50% equity interest in the Project Company, is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the main board of the Stock Exchange. As disclosed in its annual report, Fosun is a nationwide property developer and mainly engages in residential development in major cities including Shanghai, Beijing, Tianjin, Nanjing, Chongqin, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu and Taiyuan.

Greentown Holdings, the parent company of Greentown which owned as at 10% equity interest in the Project Company, is a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange. As disclosed in its annual report, Greentown is one of the leading property developers in the PRC. From 2005 to 2011, Greentown have been ranked for seven consecutive years as one of the top 10 property enterprises in China jointly by four authoritative institutions, including Enterprise Research Institute of the Development Research Center of the State Council, China Real Estate Association, Qinghua University Real Estate Research Center and China Index Institute.

LETTER FROM PARTNERS CAPITAL

Land Parcel

The Land Parcel (外灘國際金融中心(8-1)地塊) is located in the Bund of 黃浦區 (Huangpu District), between 豫園 (Yu Garden) and 十六鋪 (Shiliupu), Shanghai and covers a total site area of 45,471.9 square meters with planned above-ground spaces in the gross floor area of approximately 270,000 square metres and an additional 100,000 square metres of underground spaces. The Directors consider this part of the Bund to be the prestigious central business district of the financial and commercial community in Shanghai. Located beside the Huangpu River, the Land Parcel provides a fantastic view of the Huangpu River, Shanghai World Financial Center (上海浦東上海環球金融中心) and Jin Mao Tower (金茂大廈) in Pudong district.

The acquisition of the Land Parcel by the Project Company via auction bidding was completed in February 2010. The land premium of RMB9,220,000,000 (equivalent to approximately HK\$10,566,000,000) has been fully paid by the Project Company. The Land Parcel is designated for integrated office, commercial, financial and cultural use. Upon completion of development, the office and commercial-related gross floor area of above-ground spaces shall be not less than 70% and 15% of the developed area respectively. The terms for the grant of the land use right of the Land Parcel for office use and commercial use are 50 years and 40 years respectively.

Pursuant to 國有建設用地使用權出讓合同 (land use right transfer agreement) and the supplemental land use right transfer agreement dated 19 November 2010 and 30 June 2011 respectively, the Project Company agreed that the total amount of development and investment of the Land Parcel including acquisition cost of the Land Parcel should not be less than RMB14 billion and the respective date of the commencement and completion of the construction and development in relation to the Land Parcel is agreed to be 31 December 2011 and 31 December 2015 respectively.

2. Rationale behind the Disposal and benefits to the Group

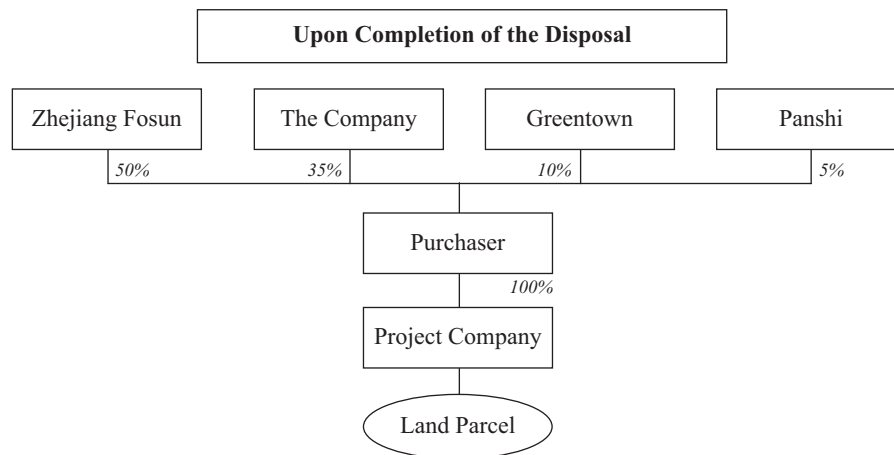
As shown in the 2011 interim report of the Group, the Directors believe that the austerity measures targeting the property market and control over property price remain the key issues of the property market in the PRC. Restrictions on property purchase and tightened housing loan policy will suppress investment sentiment as well as property speculation. With the PRC Government stepping up efforts to construct subsidised housing, the market supply is expected to increase in the coming future and help adjust the property price. Although the Group has strong confidence in the prospects of the property market in the PRC in the long term, the Directors consider a prudent and cautious strategy should be adopted in managing the Group's treasury and cashflow under the abovementioned uncertain market environment in PRC property market as a result of the macro-economic control policies of the PRC Government and the decline in its turnover as shown in the six months ended 30 June 2011.

LETTER FROM PARTNERS CAPITAL

The Board is of the view that, given its unique location, the Land Parcel is of outstanding development potential and the realisation of the Land Parcel upon completion of the development will enhance the Group's profitability in the future. Given the Group's extensive experience in developing large-scale office and commercial complex, the Board is confident that the Land Parcel will be another landmark development in Shanghai. The Board expects massive capital commitment including acquisition cost of the Land Parcel of not less than RMB14 billion pursuant to the land use right transfer agreement will need to be deployed in the development of the Land Parcel. It is the intention of the Company to develop the Land Parcel by a project company with other investors in order to maintain the potential profit upon completion of the development while minimising the capital commitment required on the part of the Company for the development. The Group considers that the Disposal represents a good opportunity for the Group to liquidate part of its interest in the Land Parcel in order to reorganise its assets portfolio. The Board is also of the view that as a result of the Disposal, the total debts of the Group would be reduced, allowing the Group to conserve more financial resources for the funding of future investments when opportunities arise.

The Directors therefore consider that it is in the interest of the Group to co-operate with other investors via the Project Company and the Company has entered into the Agreement with the Purchaser behind which the shareholders include Fosun and Greentown, experienced property developers in the PRC, and Panshi with a view to and co-develop the Land Parcel. We concur with the Directors that, given the development and construction of the Land Parcel is expected to involve massive capital commitment including acquisition cost of the Land Parcel of not less than RMB14 billion, the co-development plan with involvement of experienced property developers enhances the ambience and the attractiveness of the Land Parcel.

Upon Completion, the Company's shareholding in the Project Company will decrease from the level of 100% before the Disposal to the level of 35%, which is illustrated below:



LETTER FROM PARTNERS CAPITAL

Currently, each of the board of the Purchaser and the Project Company has twelve directors within which Fosun and the Company nominated six and four directors respectively. The Directors expect that the composition of the board of directors of the Purchaser and the Project Company will remain unchanged after Completion. The principal business of the Purchaser and the Project Company are investment holding and development of the Land Parcel. We were advised that the Land Parcel was currently pending for development.

Having considered the Disposal (i) is in compliance with the Group's strategy in response to the recent austerity measures as stated in its 2011 interim report, and (ii) avails the Group to benefit from and utilize the large scale property experience of Fosun and Greentown to speed up commencement of construction of the Land Parcel, and (iii) avails the Group to shares massive capital commitment including acquisition cost of the Land Parcel of not less than RMB14 billion amongst stakeholders of the Project Company, we are of the view that there is a commercial justification for the Company to enter into the Agreement.

3. Terms of the Agreement

Valuation of the Land Parcel

Pursuant to the Agreement, the Company will dispose of the Sale Interest and the Shareholder's Loan to the Purchaser at the maximum consideration of RMB9,570 million, which was determined to, among other things, the maximum amount of Shareholder's Loan of RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000), the unaudited net asset value of the Project Company of approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as at 30 June 2011, and the valuation of the Land Parcel of RMB9,884,000,000 (equivalent to approximately HK\$12,058,000,000) by an independent valuer as at 30 September 2011.

We note that the independent valuer adopted a direct comparison approach by making reference to comparable sales evidence as available in the relevant market as the valuation basis. As discussed with the independent valuer, DTZ Debenham Tie Leung Limited, the comparable sales evidences included auction sales transactions of three land parcels by Shanghai Municipality government between February and August 2010 (the "Comparable Transactions"). We are advised by the independent valuer that no land auction sales have been made by Shanghai Municipality government for the period from August 2010 to the Latest Practicable Date. The valuation of the Land Parcel was arrived at by taking into account the average selling price per square meter of the Comparable Transactions adjusted with parameters such as the location, scale, plot ratio, condition of adjacent infrastructure and timing difference of the transaction of the subject land parcels.

LETTER FROM PARTNERS CAPITAL

The unaudited financial position of the Project Company as at 30 June 2011 as disclosed in Appendix I to the Circular is set out below:

	<i>HK\$'million</i>
Non-current assets	4.2
Properties under development and for sales*	11,852.5
Other receivables	0.8
Cash and bank balance	6.4
Receipts in advance from customers	(361.3)
Amounts due to holding company	(3,058.7)
Others	<u>(13.5)</u>
Net asset value of the Project Company	<u><u>8,430.4</u></u>
 The consideration of the Sales Interest (RMB7,000.0 million)	 <u><u>8,540.0</u></u>
 Premium of the consideration of the Sales Interest over the net asset value of the Project Company	 <u><u>1.30%</u></u>

* Based on the unaudited management account of the Project Company as at 30 September 2011, the land premium and construction costs incurred for the Land Parcel was amounted to RMB9,893.9 million.

As shown above, the major asset of the Project Company as at 30 June 2011 was the Land Parcel. We noted that further development costs of approximately RMB52.7 million in relation to design and planning fee for the Land Parcel were incurred by the Project Company subsequent to 30 June 2011 and up to 30 September 2011 and were advised that such costs are capitalized according to applicable accounting standard.

A valuation surplus will be arisen if the costs of the Land Parcel incurred as at 30 June 2011 is compared to its independent valuation as at 30 September 2011. However, we consider it will be more precise to derive valuation surplus by comparing the amount of costs incurred and the independent valuation of the Land Parcel at the same particular date, i.e. 30 September 2011. Having compared the unaudited aggregated costs of the Land Parcel of RMB9,893.9 million (being the costs of the Land Parcel of RMB9,841.2 million (equivalent to approximately HK\$11,852.5 million) plus the abovementioned further development costs of approximately RMB52.7 million incurred between 30 June 2011 and 30 September 2011) with the independent valuation of the Land Parcel as at 30 September 2011 of RMB9,884 million, no valuation surplus is arisen. The consideration of the Sales Interest of RMB7,000 million (equivalent to approximately HK\$8,540 million) therefore represents a slight premium of 1.30% over the unaudited net asset value of the Project Company as at 30 June 2011.

LETTER FROM PARTNERS CAPITAL

As shown in the Letter from the Board, the unaudited amount of the shareholder's loan payable to Shanghai Zendai Land by the Project Company amounted to RMB2,566,181,619 (equivalent to approximately HK\$3,130,741,576) as at 30 September 2011. The Directors advised the amount of shareholder's loan payable to Shanghai Zendai Land by the Project Company is to be less than the maximum consideration for the Shareholder's Loan of RMB2,570,000,000 prior to the Completion.

Settlement of the Consideration and use of the proceeds

The Consideration for the Disposal is RMB9.57 billion. Pursuant to the Agreement, the Consideration shall be satisfied by four installments by way of cash by the Purchaser in the following manner:

- (i) RMB1,000,000,000 (equivalent to approximately HK\$1,220,000,000) as first instalment shall be payable within 10 days upon the signing of the Agreement;
- (ii) RMB914,000,000 (equivalent to approximately HK\$1,115,000,000) as second instalment shall be payable within 10 days upon the fulfilment of the condition precedent numbered (i) as set out in the Letter of the Board headed "Conditions precedent to the Disposal";
- (iii) RMB2,871,000,000 (equivalent to approximately HK\$3,503,000,000) as third instalment shall be payable within 30 days upon the fulfilment of the condition precedent numbered (i) as set out in the Letter of the Board headed "Conditions precedent to the Disposal"; and
- (iv) the remaining balance shall be payable within 30 days after Completion.

As stated in the Letter from the Board, the estimated amount of cash proceeds from the Disposal after deducting the expenses relating to the Disposal of approximately RMB9,568,000,000 will be applied to settle primarily the amount due to the Purchaser, which amounted to approximately RMB8,540,000,000 as at 30 September 2011, whilst the remaining balance (if any) to settle other bank loans.

LETTER FROM PARTNERS CAPITAL

We extract below from the 2011 interim results of the Group a profile of its current liabilities as at 30 June 2011 and its profile assuming the cash proceeds from the Disposal were applied for the settlement of amount due to the Purchaser and other bank loans:

<i>Expressed in HK\$' million</i>	Date of maturity	Settlement with proceeds from the Disposal	
		Before	After
Amount due to an associate	Prior to June 2012	7,571.8	–
Amounts due to a related companies	Prior to June 2012	54.2	54.2
Amount due to a non-controlling shareholder	Prior to June 2012	157.3	157.3
Bank and other loans	Prior to June 2012	817.7	–
Others*	Prior to June 2012	7,126.0	7,126.0
		<u>15,727.0</u>	<u>7,337.5</u>

* *Others include trade and other payables, other borrowing, senior loan notes, receipts in advance from customers and tax payables*

Amount due to an associate

The amount due by the Group to an associate of HK\$7,571.8 million as at 30 June 2011 as set out above represented the amount due to the Purchaser. As stated in the Letter from the Board, the latest outstanding amount due by the Company to an associate (the Purchaser) accounted approximately RMB8,540 million as at 30 September 2011.

The outstanding amount due to an associate (the Purchaser) will be extinguished upon settlement to the Purchaser with cash proceeds from the Disposal.

Bank and other loans

As stated in the Letter from the Board, the remaining balance after settlement of the outstanding amount due to an associate (the Purchaser) will be applied for settling other bank loans. The estimated maximum amount of the remaining balance is approximately RMB1,028 million which is able to be applied to settle a portion of the bank and other loans as at 30 June 2011 of which HK\$817.7 million is repayable within one year.

Based on the above, we consider that the Consideration of the Land Parcel and its settlement are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM PARTNERS CAPITAL

4. Remaining business of the Group

After the Completion, the Group will continue to engage in the development, investment and management in respect of residential and commercial properties in China. Based on its 2011 interim report and discussion with management, we summarize below details of remaining significant property projects of the Group for development:

	Commercial properties	Residential properties
Shanghai	• Zendai Thumb Plaza • Radisson Hotel Pudong • Himalayas Center • Qingpu Project	• Mandarin Palace
Other PRC cities	• Qingdao “Zendai Thumb Plaza” • Lao Shan, Qingdao Project • Yangzhou Commercial Project • Zendai International Financial Centre in Hainan • Parcel of land in Chenmai, Hainan • “Zhongke Langfang Technology Valley” in Langfang Project • Nantong, Jiangsu Project	• “Valley International” in Jilin • “Zendai Ideal City” in Changchun, • “Zendai Garden-Riverside Town” in Hainan, • Ordo City, Inner Mongolia Autonomous Region Project

As advised by the Group, upon Completion, the Group still has over 12 property projects under development, 3 investment properties and 1 completed property for sale.

5. Financial effects of the Agreement on the Group

The Project Company is currently an indirect wholly-owned subsidiary of the Company. Upon Completion, the Project Company will become the wholly-owned subsidiary of the Purchaser, where the Purchaser is an associated company of the Company, whilst the Company will indirectly own the Land Parcel via the Project Company as to 35%. The financial performance and the financial position of the Project Company will cease to be consolidated into the accounts of the Group. Upon Completion, the financial performance and the financial position of the Project Company will be accounted for in the Group’s financial statement under equity method.

LETTER FROM PARTNERS CAPITAL

Earnings

As set out in the Letter from the Board and the Appendix I to the Circular, the unaudited net loss of the Project Company from the date of its incorporation to 31 December 2010 and for the six months ended 30 June 2011 was nil and approximately HK\$254,000 respectively. Assuming the Disposal had taken place on 1 January 2011, it is expected that, as shown in Appendix III to the Circular, the Group will record a gain on the disposal of subsidiaries of approximately HK\$58.3 million.

Cashflow

Based on its 2011 interim report, the cash and bank balance (excluding pledged bank deposits) of the Group as at 30 June 2011 amounted to approximately HK\$1.3 billion. Pursuant to the Agreement, the Consideration of RMB9,570 million will be satisfied in full by way of cash upon Completion. Assuming the Disposal had taken place on 1 January 2011, it is expected that, as shown in Appendix III to the Circular, the cash and bank balance (excluding pledged bank deposits) of the Group will increase to HK\$12.6 billion upon Completion before settling any debts of the Group.

Net Asset Value

Based on its 2011 interim report, the consolidated net assets of the Company were approximately HK\$5,368.0 million. Pursuant to the Agreement, Consideration was determined with reference to its independent valuation of the Land Parcel of RMB9,884 million. Assuming the Disposal had taken place as at 30 June 2011, it is expected that, as shown in Appendix III to the Circular, the net asset value of the Group will have a slight decrease to HK\$5,266 million upon Completion, mainly due to the elimination of the unrealised profit on disposal of the Project Company from the Group.

Gearing

The current liabilities of the Group as at 30 June 2011 will be decreased if the cash proceeds from the Disposal are applied to settle loans as set out above. As also set out in the Appendix III to the Circular, the unaudited pro forma financial information on the Remaining Group, the Group had unaudited debts of approximately HK\$15,727 million as at 30 June 2011. After the pro forma adjustments in relation to exclusion of liabilities of the Project Company, the Remaining Group is expected to have unaudited pro forma total debts of approximately HK\$15,352 million which has a decrease in debt after the Disposal of the Project Company from the Group.

Based on the above and assuming the Disposal had taken place on 1 January 2011 and 30 June 2011, it would have a positive effect to the Group's earnings and cashflow but a minimal effect to its net asset value.

LETTER FROM PARTNERS CAPITAL

6. Recommendation

Having considered the principal factors and reasons as discussed above, and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- The general property market condition has been adversely affected by series of recent austerity measures;
- The massive capital commitment for the development and investment of the Land Parcel including acquisition cost of the Land Parcel should be at least RMB14 billion and the date of the commencement of the construction and development in relation to the Land Parcel is agreed to be on or before 31 December 2011;
- The gearing leverage of the Group will be improved after the cash proceeds from the Disposal are applied for the settlement of the amount due to the Purchaser and bank and other loans;
- the consideration of the Disposal is with reference to the net asset value of the Project Company and the independent valuation; and
- the Group is still able to enjoy future return from the Land Parcel after the Disposal by virtue of its 35% interest in the Project Company

although the Disposal is not conducted in the ordinary and usual course of business of the Group, we consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the transaction contemplated under the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the ordinary resolution to approve the Agreement at the SGM.

Yours faithfully,

For and on behalf of

Partners Capital International Limited

Alan Fung

Managing Director

Hickman Wong

Director

APPENDIX I FINANCIAL INFORMATION OF THE PROJECT COMPANY

A summary of the unaudited statements of comprehensive income, statements of changes in equity and statements of cash flows of the Project Company for the period from 11 October 2010 (date of establishment) to 31 December 2010 and the six months ended 30 June 2011 (“Relevant Periods”) and statements of financial position of the Project Company as at 31 December 2010 and 30 June 2011, as extracted from the financial information of the Project Company, are set out as below. The accounting policies adopted in the preparation of the financial information of the Project Company are consistent with those of the Group, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The financial information of the Project Company for the Relevant Periods has been reviewed by our independent auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, nothing has come to their attention that causes them to believe that the unaudited financial information of the Project Company is not prepared, in all material respects, in accordance with the accounting policies adopted by the Group in the Relevant Periods.

The unaudited financial information of the Project Company for the Relevant Periods has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by the Company in connection with the Disposal.

(a) The statements of comprehensive income of the Project Company for the Relevant Periods are as follows:

	From 11 October 2010 (date of establishment) to 31 December 2010 HK\$'000	Six months ended 30 June 2011 HK\$'000
Turnover	—	—
Administrative expenses	—	(254)
Loss before income tax expense	—	(254)
Income tax expense	—	—
Loss for the period	—	(254)
Other comprehensive income for the period:		
Exchange differences arising on translation from functional currency of RMB to HK\$	93,374	191,514
Total comprehensive income for the period	93,374	191,260

APPENDIX I FINANCIAL INFORMATION OF THE PROJECT COMPANY

(b) The statements of financial position of the Project Company as at 31 December 2010 and 30 June 2011 are as follows:

	As at 31 December 2010 <i>HK\$'000</i>	As at 30 June 2011 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	2,871	4,239
	-----	-----
Current assets		
Properties under development	11,519,006	11,852,533
Other receivables	748	787
Cash and cash equivalents	84,864	6,455
	-----	-----
	11,604,618	11,859,775
	-----	-----
Current liabilities		
Other payables	—	351
Receipts in advance from customers	353,107	361,315
Amount due to immediate holding company	2,989,265	3,058,749
Amount due to an associate	25,945	13,167
	-----	-----
	3,368,317	3,433,582
	-----	-----
Net current assets	8,236,301	8,426,193
	-----	-----
Total net assets	8,239,172	8,430,432
	=====	=====
Capital and reserves		
Capital	8,145,798	8,145,798
Foreign exchange reserve	93,374	284,888
Accumulated losses	—	(254)
	-----	-----
Total equity	8,239,172	8,430,432
	=====	=====

APPENDIX I FINANCIAL INFORMATION OF THE PROJECT COMPANY

(c) The statements of changes in equity of the Project Company for the Relevant Periods are as follows:

	Capital HK\$'000	Foreign exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 11 October 2010 (date of establishment)	—	—	—	—
Loss for the period	—	—	—	—
Exchange differences arising on translation from functional currency of RMB to HK\$	—	93,374	—	93,374
Total comprehensive income for the period	—	93,374	—	93,374
Capital contribution	8,145,798	—	—	8,145,798
At 31 December 2010 and 1 January 2011	8,145,798	93,374	—	8,239,172
Loss for the period	—	—	(254)	(254)
Exchange differences arising on translation from functional currency of RMB to HK\$	—	191,514	—	191,514
Total comprehensive income for the period	—	191,514	(254)	191,260
At 30 June 2011	8,145,798	284,888	(254)	8,430,432

APPENDIX I FINANCIAL INFORMATION OF THE PROJECT COMPANY

- (d) The statements of cash flows of the Project Company for the Relevant Periods are as follows:

	From 11 October 2010 (date of establishment) to 31 December 2010 HK\$'000	Six months ended 30 June 2011 HK\$'000
Cash flows from operating activities		
Loss before income tax expense and operating loss before working capital changes	–	(254)
Increase in properties under development	(11,519,006)	(65,264)
Increase in other receivables	(748)	(22)
Increase in other payables	–	351
Increase in receipts in advance from customers	353,107	–
Net cash used in operating activities	(11,166,647)	(65,189)
	-----	-----
Net cash used in investing activities		
Purchase of property, plant and equipment	(2,795)	(1,796)
	-----	-----
Cash flows from financing activities		
Capital Contribution	8,145,798	–
Advance from immediate holding company	2,989,265	–
Advance from/(repayment to) an associate	25,945	(13,381)
Net cash from/(used in) financing activities	11,161,008	(13,381)
	-----	-----
Net decrease in cash and cash equivalents	(8,434)	(80,366)
Effect of foreign exchange rate changes	93,298	1,957
Cash and cash equivalents at beginning of period	–	84,864
Cash and cash equivalents at end of period	84,864	6,455

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the financial years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 are disclosed in the Company's annual reports for the financial years ended 31 December 2008, 2009 and 2010 and interim report for the six months ended 30 June 2011 respectively. All of these financial statements have been published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.zendai.com.

2. INDEBTEDNESS STATEMENT**Borrowings**

As at the close of business on 30 September 2011, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group has outstanding borrowings of approximately HK\$13,124,967,000, details of which are set out below:

	<i>HK\$'000</i>
Bank and other loans, secured and guaranteed by a related company	
– current	776,568
– non-current	2,205,399
Other borrowing, secured and guaranteed by a related company	1,166,159
Senior loan notes, secured and guaranteed by certain subsidiaries of the Company	1,080,021
Amounts due to non-controlling shareholders, unsecured	158,667
Amounts due to related companies, unsecured	54,828
Amount due to an associate, unsecured	7,683,325

Securities

As at 30 September 2011, property, plant and equipment of HK\$369,868,000, payment for leasehold land held for own use under operating leases of HK\$595,985,000, investment properties of HK\$1,837,176,000, properties for development and sales of HK\$1,513,056,000 and bank deposit of HK\$224,485,000 were pledged to secure the bank loans granted to the Group.

The Group pledged 10% equity interest in the Purchaser, an associate of the Group, with attributable carrying amount of HK\$121,788,000 and entire interest in a subsidiary, 上海証大西鎮房地產開發有限公司 (Shanghai Zendai Xizhen Development Company Limited)* which has properties under development with carrying amount of HK\$655,591,000 to secure the other borrowing.

The Group also pledged 45% equity interest in 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)*, an associate of the Group, with attributable carrying amount of HK\$370,871,000 to secure the shareholder's loan provided to the Purchaser.

Moreover, the Group pledged its equity interests in certain subsidiaries to secure the senior loan notes.

Contingent liabilities

As at 30 September 2011, the Group provided guarantees to the extent of HK\$697,925,000 for customers in favour of banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 September 2011.

3. WORKING CAPITAL

After taking into account the expected cash flows from the Disposal and the present internal financial resources available as well as the available banking facilities, and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.



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永安中心25樓

25 November 2011

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

Dear Sirs,

We report on the unaudited pro forma financial information (the “Unaudited Pro Forma Financial Information”) of Shanghai Zendai Property Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), as set out on pages 52 to 62 in Appendix III to the circular dated 25 November 2011 (“Circular”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information on how the proposed disposal of the entire interest in and the shareholder’s loan due by 上海証大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (“Zendai Bund”)) might have affected the financial information presented in respect of the Group, for inclusion in Appendix III to the Circular. The Group without Zendai Bund is referred to as the Remaining Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 52 in Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 30 June 2011 or any future date; and
- the results and cash flows of the Remaining Group for the six months ended 30 June 2011 or any future period.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Hong Kong

Chan Wing Fai

Practising Certificate Number P05443

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING
GROUP**

The unaudited pro forma financial information presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 30 June 2011; and (b) the results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2011. This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Group as at 30 June 2011 or at any future date had the Disposal been completed on 30 June 2011 or the results and cash flows of the Group for the six months ended 30 June 2011 or for any future period had the Disposal been completed on 1 January 2011.

The unaudited pro forma financial information is prepared based on the unaudited condensed consolidated statement of financial position of the Group at 30 June 2011, the unaudited condensed consolidated statement of comprehensive income and unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2011 extracted from the interim report 2011 of the Company for the six months ended 30 June 2011 and the financial information of the Project Company set out in Appendix I to the Circular and was prepared in accordance with paragraph 29(1) of Chapter 4 and paragraph 68(2)(a)(ii) of Chapter 14 of the Listing Rules.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
**(a) Unaudited pro forma condensed consolidated statement of comprehensive income
of the Remaining Group**

	The Group for the six months ended 30 June 2011		Pro forma adjustments				Unaudited pro forma Remaining Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>		
Turnover	1,322,680						1,322,680
Cost of sales	(601,454)						(601,454)
Gross profit	721,226						721,226
Other income and gains	117,791						117,791
Gain on Disposal			91,020	(32,681)			58,339
Distribution expenses	(58,489)						(58,489)
Administrative expenses	(137,008)	254					(136,754)
Change in fair value of investment properties	9,295						9,295
Impairment loss on goodwill	(1,040)						(1,040)
Share of results of associates	(54,583)				(89)		(54,672)
Share of result of a jointly controlled entity	(1,710)						(1,710)
Finance costs	(238,180)						(238,180)
Profit before income tax expenses	357,302						415,806
Income tax expenses	(255,367)						(255,367)
Profit for the period	101,935						160,439
Other comprehensive income							
Exchange differences arising on translation of foreign operations	115,156						115,156
Release of other revaluation reserve on disposal of properties for sales held by associates	(9,902)						(9,902)
Release of foreign exchange reserve upon disposal of subsidiaries	(25,644)		(93,374)				(119,018)
Tax expenses related to release of other revaluation reserve	1,485						1,485

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**

	The Group for the six months ended 30 June 2011 HK\$'000	Pro forma adjustments				Unaudited pro forma Remaining Group HK\$'000
		HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	
Other comprehensive income for the period, net of tax	81,095					(12,279)
	<u>-----</u>					<u>-----</u>
Total comprehensive income for the period	183,030					148,160
	<u>=====</u>					<u>=====</u>
Profit for the period attributable to:						
Owners of the Company	108,251	254	91,020	(32,681)	(89)	166,755
Non-controlling interests	(6,316)					(6,316)
	<u>-----</u>					<u>-----</u>
	101,935					160,439
	<u>=====</u>					<u>=====</u>
Total comprehensive income attributable to:						
Owners of the Company	182,896	254	(2,354)	(32,681)	(89)	148,026
Non-controlling interests	134					134
	<u>-----</u>					<u>-----</u>
	183,030					148,160
	<u>=====</u>					<u>=====</u>

Notes:

- (1) Adjustment to reflect the exclusion of the results of the Project Company for the six months ended 30 June 2011, assuming the Disposal had taken place on 1 January 2011.

- (2) Adjustments to reflect the estimated gain arising from the Disposal based on the estimated total consideration of RMB9,539,679,000 (equivalent to HK\$11,228,437,000) less estimated legal and professional fee of approximately RMB2,000,000 (equivalent to HK\$2,354,000) for the Disposal as presented below.

HK\$'000

Consideration:

– Sale Interest	8,239,172
– Shareholder's Loan as at 1 January 2011	2,989,265

11,228,437

Net assets of the Project Company as at 1 January 2011	(8,239,172)
Shareholder's Loan as at 1 January 2011	(2,989,265)
Legal and professional fee	(2,354)
Reclassification adjustment of the cumulative foreign exchange reserve of the Project Company to profit for the period on Disposal	93,374

Gain on Disposal	91,020
------------------	--------

For the purpose of presentation of the pro forma condensed consolidated statement of comprehensive income, Renminbi is translated into HK\$ at the approximate exchange rate of RMB1 to HK\$1.177 on 1 January 2011.

- (3) Adjustment to eliminate 35% of the unrealised gain upon disposal of the Project Company to the Group's associate.
- (4) Adjustment to recognise share of loss of the Project Company for the six months ended 30 June 2011 under equity method, assuming the Disposal had taken place on 1 January 2011.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
**(b) Unaudited pro forma condensed consolidated statement of financial position of
the Remaining Group**

	The Group as at 30 June 2011 HK\$'000	Pro forma adjustments			Unaudited pro forma Remaining Group HK\$'000
		<i>HK\$'000 (Note 1)</i>	<i>HK\$'000 (Note 2)</i>	<i>HK\$'000 (Note 3)</i>	
Non-current assets					
Property, plant and equipment	451,723	(4,239)			447,484
Investment properties	1,810,201				1,810,201
Payment for leasehold land held for own use under operating leases	594,638				594,638
Goodwill	101,211				101,211
Interests in associates	1,167,199			(99,800)	1,067,399
Interest in a jointly controlled entity	55,639				55,639
Available-for-sale investments	35,328				35,328
	<u>4,215,939</u>				<u>4,111,900</u>
	-----				-----
Current assets					
Properties under development and for sales	16,569,309	(11,852,533)			4,716,776
Inventories	2,557				2,557
Trade and other receivables	573,184	(787)			572,397
Deposits for property development	7,669				7,669
Amounts due from associates	426,010				426,010
Amount due from a jointly controlled entity	567,093				567,093
Available-for-sale investments	1,204				1,204
Amounts due from related companies	14,955	3,058,749	(3,058,749)		14,955
Pledged bank deposits	261,495				261,495
Tax prepayments	30,551				30,551
Cash and cash equivalents	1,313,391	(6,455)	11,487,028		12,793,964
	<u>19,767,418</u>				<u>19,394,671</u>
	-----				-----

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**

	The Group as at 30 June 2011 HK\$'000	Pro forma adjustments			Unaudited pro forma Remaining Group HK\$'000
		<i>HK\$'000 (Note 1)</i>	<i>HK\$'000 (Note 2)</i>	<i>HK\$'000 (Note 3)</i>	
Current liabilities					
Trade and other payables	650,846	(351)			650,495
Receipts in advance					
from customers	2,767,981	(361,315)			2,406,666
Amount due to an					
associate	7,571,783	(13,167)			7,558,616
Amounts due to related					
companies	54,247				54,247
Amounts due to non-					
controlling					
shareholders	157,317				157,317
Bank and other loans	817,716				817,716
Other borrowing	1,153,800				1,153,800
Senior loan notes	1,077,455				1,077,455
Tax payable	1,475,914				1,475,914
	15,727,059				15,352,226
	-----				-----
Net current assets	4,040,359				4,042,445
	-----				-----
Total assets less current liabilities	8,256,298				8,154,345
	-----				-----
Non-current liabilities					
Bank and other loans	2,106,468				2,106,468
Deferred tax liabilities	647,441				647,441
Other payables	134,413				134,413
	2,888,322				2,888,322
	-----				-----
Net assets	5,367,976				5,266,023
	=====				=====
Capital and reserves attributable to owners of the Company					
Share capital	249,838				249,838
Reserves	4,863,487		(2,153)	(99,800)	4,761,534

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE REMAINING GROUP

	The Group as at 30 June 2011 HK\$'000	Pro forma adjustments			Unaudited pro forma Remaining Group HK\$'000
		HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	
Equity attributable to owners of the Company	5,113,325				5,011,372
Non-controlling interests	254,651				254,651
Total equity	5,367,976				5,266,023

Notes:

- Adjustments to reflect the exclusion of the assets and liabilities of the Project Company as at 30 June 2011, assuming that the Disposal had taken place on 30 June 2011.
- Adjustments to reflect the estimated gain arising from the Disposal based on the estimated total consideration of RMB9,539,679,000 (equivalent to HK\$11,489,437,000) less estimated legal and professional fee of approximately RMB2,000,000 (equivalent to HK\$2,409,000) for the Disposal as presented below.

	HKD'000
Consideration:	
– Sale Interest	8,430,688
– Shareholder's Loan as at 30 June 2011	3,058,749
	11,489,437
Net assets of the Project Company as at 30 June 2011	(8,430,432)
Shareholder's Loan as at 30 June 2011	(3,058,749)
Legal and professional fee	(2,409)
Reclassification adjustment of the cumulative foreign exchange reserve of the Project Company to profit for the period on Disposal	284,888
Gain on Disposal	282,735

For the purpose of presentation of the pro forma condensed consolidated statement of financial position, Renminbi is translated into HK\$ at the approximate exchange rate of RMB1 to HK\$1.204 on 30 June 2011.

- Adjustment to eliminate 35% of the unrealised gain on disposal of the Project Company to the Group's associate.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE REMAINING GROUP**
**(c) Unaudited pro forma condensed consolidated statement of cash flows of the
Remaining Group**

	The Group for the six months ended 30 June 2011 HK\$'000	Pro forma adjustments		Unaudited pro forma Remaining Group HK\$'000
		<i>HK\$'000 (Note 1)</i>	<i>HK\$'000 (Note 2)</i>	
Net cash used in operating activities	(336,437)	65,189		(271,248)
Net cash from investing activities	294,929	1,796	11,226,083	11,522,808
Net cash from financing activities	44,534	13,381		57,915
Net increase in cash and cash equivalents	3,026			11,309,475
Cash and cash equivalents at beginning of period	1,287,852			1,287,852
Effect of foreign exchange rate changes	22,513	(1,957)		20,556
Cash and cash equivalents at end of period	<u>1,313,391</u>			<u>12,617,883</u>

Notes:

- (1) Adjustments to reflect the exclusion of the cash flows of the Project Company for the six months ended 30 June 2011, assuming the Disposal had taken place on 1 January 2011.
- (2) Adjustments to reflect the cash inflow less expenses arising from the Disposal as presented below, assuming that the Disposal had taken place on 1 January 2011.

	<i>HK\$'000</i>
Consideration:	
– Sale Interest	8,239,172
– Shareholder's Loan as at 1 January 2011	<u>2,989,265</u>
	11,228,437
Legal and professional fee	<u>(2,354)</u>
	<u>11,226,083</u>

For the purpose of presentation of the pro forma condensed consolidated statement of cash flows, Renminbi is translated into Hong Kong dollars at the approximate exchange rate of RMB1 to HK\$1.177 on 1 January 2011.

The following is the text of a letter and valuation certificate received from DTZ Debenham Tie Leung Limited in connection with its opinion of market value of the Land Parcel as at 30 September 2011 prepared for the purpose of incorporation in this circular.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

25 November 2011

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

Dear Sirs,

Re: A parcel of integrated office, financial, commercial and cultural use land, with a total site area of approximately 45,471.90 sq.m., located in Qiu 1/1, Jiefang 574 and Qiu 1/1, Jiefang 578, Xiaodongmen Jiedao, east to Zhongshandong Road, south to Dongmen Road, west to Renmin Road, north to Longtan Road, Huangpu District, Shanghai, the People's Republic of China

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with your instruction for us to carry out the valuation of the market value of the Land Parcel ("the Property") which is held by the Company and its subsidiaries (together "the Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in existing state of the Property as at 30 September 2011 (the "date of valuation").

DEFINITION OF MARKET VALUE

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as "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."

VALUATION BASIS AND ASSUMPTION

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the Property situated in the PRC, we have prepared our valuation on the basis that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the legal opinion of HHP Attorneys-at-Law (上海滙衡律師事務所), the legal adviser of the Company, regarding the title to the Property and the interest in the Property. In valuing the Property, we have prepared our valuation on the basis that the owner has enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

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

METHOD OF VALUATION

In valuing the Property, we have adopted Direct Comparison Method by making reference to comparable sale evidence as available in the relevant market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser of the Company as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, development scheme, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation certificate attached are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have inspected the exterior of the property. However, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

We have not been able to carry out detailed on-site measurements to verify the site area of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuation are in Renminbi, the official currency of the PRC.

We attach herewith a valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor
Registered China Real Estate Appraiser
Msc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 18 years' experience in the valuation of properties in the PRC.

Contributing PRC valuers of DTZ Shanghai Office with professional qualifications include, but not limited to, China Real Estate Appraiser, China Real Estate Valuer and Member of RICS.

VALUATION CERTIFICATE

Property held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2011
A parcel of integrated office, financial, commercial and cultural use land, with a total site area of approximately 45,471.90 sq.m., located in Qiu 1/1, Jiefang 574, and Qiu 1/1, Jiefang 578, Xiaodongmen Jiedao, east to Zhongshandong Road, south to Dongmen Road, west to Renmin Road, north to Longtan Road, Huangpu District, Shanghai, the People's Republic of China	The Property comprises two contiguous land parcels with a total site area of approximately 45,471.90 sq.m. The Property has the permitted gross floor area of 370,000 sq.m., including 270,000 sq.m. above ground and 100,000 sq.m. underground. It has been designated for integrated office, financial, commercial and cultural use. The land use rights of the Property have been granted for a term of 40 years from 25 November 2010 to 24 November 2050 for commercial and finance uses and 50 years from 25 November 2010 to 24 November 2060 for culture and office uses respectively.	The Property is currently a vacant land pending for development. Construction is expected to commence by the end of 2011.	RMB9,884,000,000 (100% interest attributable to the Group: RMB9,884,000,000)

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDHZ No. (2010) 004498 dated 1 December 2010, the land use rights of part of the Property, situated at Qiu 1/1, Jiefang 574, Xiaodongmen Jiedao, Huangpu District, with a site area of approximately 20,183.90 sq.m., has been vested in Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司), for a term of 40 years from 25 November 2010 to 24 November 2050 for commercial and finance uses and 50 years from 25 November 2010 to 24 November 2060 for culture and office uses respectively.
- (2) According to Shanghai Certificate of Real Estate Ownership HFDHZ No. (2010) 004499 dated 1 December 2010, the land use rights of part of the Property, situated at Qiu 1/1, Jiefang 578, Xiaodongmen Jiedao, Huangpu District, with a site area of approximately 25,288 sq.m., has been vested in Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司), for a term of 40 years from 25 November 2010 to 24 November 2050 for commercial and finance uses and 50 years from 25 November 2010 to 24 November 2060 for culture and office uses respectively.

- (3) According to Contract for Grant of State-owned Land Use Rights HHGT(2010) No. 5 (Edition 2.0) (滬黃規土(2010)出讓合同第5號(2.0版)), HHGT(2010)BZ No. 8 (滬黃規土(2010)出讓合同補字第8號) dated 19 November 2010:

(i) Grantee	:	Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司)
(ii) Site Area	:	45,471.90 sq.m.
(iii) Land Use	:	Commercial, finance, culture and office
(iv) Planned Gross Floor Area	:	Not exceeding 370,000 sq.m. (including 270,000 sq.m. above ground and 100,000 sq.m. underground)
(v) Land Premium	:	RMB9,220,000,000

- (4) According to Planning Permit for Construction Land HGD(2011)EA31000020110083 issued by Shanghai Planning, Land & Resource Administration Bureau on 17 January 2011, The Property with a land area of approximately 45,471.90 sq.m. is in compliance with the requirements of urban planning and is permitted.

- (5) According to Business Licence No. 310101000435994 dated 19 October 2010, Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司), was established with a registered capital of RMB7,000,000,000 for a valid operation period from 11 October 2010 to 10 October 2030.

- (6) According to the opinion of the PRC legal adviser:

- (i) Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司) is legally established and existence;
- (ii) Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司) legally obtain the state-owned Land Use Rights of the lands of Qiu 1/1, Jiefang 574 and Qiu 1/1, Jiefang 578, Xiaodongmen Jiedao, Huangpu District;
- (iii) Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海証大外灘國際金融服務中心置業有限公司) has the right to develop, possess, use or handle the land in other legal ways; and
- (iv) The building covenant has adjusted to commence construction before 31 December 2011 and to complete construction before 31 December 2015.

- (7) The status of the title and grant of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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/ underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Wang Fujie (<i>Note 2</i>)	10,000,000 (L)	Beneficial owner	0.08%
Mr. Dai Zhikang (“Mr. Dai”) (<i>Note 1</i>)	6,753,635,000 (L)	Interests of controlled corporations	54.06%
Mr. Dai (<i>Note 2</i>)	10,000,000 (L)	Beneficial owner	0.08%
Mr. Zhu Nansong	50,000,000 (L)	Beneficial owner	0.40%
Mr. Wu Yang (<i>Note 2</i>)	30,000,000 (L)	Beneficial owner	0.24%
Ms. Zhou Yan (<i>Note 2</i>)	10,000,000 (L)	Beneficial owner	0.08%
Mr. Tang Jian	10,000,000 (L)	Beneficial owner	0.08%
Mr. Tang Jian (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.04%
Mr. Liu Zhiwei (“Mr. Liu”) (<i>Note 3</i>)	400,000,000 (L)	Interests of controlled corporations	3.20%
Mr. Liu (<i>Note 2</i>)	120,000,000 (L)	Beneficial owner	0.96%

Name of Director	Number of Shares/ underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Lo Mun Lam, Raymond (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.04%
Mr. Lai Chik Fan (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.04%
Dr. Tse Hiu Tung, Sheldon (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.04%

(L) denotes long position

Notes:

- Mr. Dai was deemed to be interested in an aggregate of 6,753,635,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Dorsing Star Limited, Shanghai Zendai Investment Development (Hong Kong) Company Limited and Gold Lucky Investment Holdings Limited, respectively, where Mr. Dai being the director of each of the aforesaid companies, as follows:
 - 2,326,560,000 Shares were held by Giant Glory Assets Limited which is wholly-owned by Mr. Dai;
 - 2,932,000,000 Shares were held by Jointex Investment Holdings Limited which is owned as to 85% by Giant Glory Assets Limited;
 - 1,000,000,000 Shares were held by Dorsing Star Limited which is wholly 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;
 - 455,175,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is owned as to 60% by Mr. Dai; and
 - 39,900,000 Shares are held by Gold Lucky Investment Holdings Limited which is wholly-owned by Mr. Dai.
- These Shares represent the Shares to be allotted and issued upon the exercise of share option granted.
- Mr. Liu was deemed to be interested in 400,000,000 Shares held by Grand Link Finance Limited which is his wholly owned Company. Mr. Liu is a director of Grand Link Finance 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.

At the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had an interest of short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and his associates had any interests which competes or was likely to compete, either directly or indirectly, with the Company's business.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

7. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinions or advices contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
DTZ Debenham Tie Leung Limited	An independent valuer
HHP Attorneys-at-Law	A PRC legal adviser
Partners Capital	A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The above experts have given and have not withdrawn each of its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been, since 31 December 2010, being the date to which the latest published audited accounts of the Company were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

8. LITIGATION

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

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the two agreements entered into by the Shanghai Zendai Land and 上海精文置業(集團)有限公司 (Shanghai Jingwen Land Company Limited*), as purchasers, and 南通市國土資源部 (Bureau of Land and Resource of Nantong*), as Vendor, on 25 December 2009 in relation to the acquisition of the land use rights of land parcels in Nantong City, Jiangsu Province, the PRC at an aggregate consideration of RMB532,812,508.2, details of which are disclosed in the announcement of the Company dated 29 December 2009;
- (b) the agreement entered into by the Shanghai Zendai Land and Shanghai Media & Entertainment Group on 27 December 2009 in relation to the formation of joint venture with a total registered capital of RMB100,000,000 (of which RMB50,000,000 is contributed by Shanghai Zendai Land) and the development of the land parcels in Nantong City, Jiangsu Province, the PRC, details of which are disclosed in the announcement of the Company dated 29 December 2009;
- (c) the agreement entered into by the Company and China Alliance Properties Limited on 7 January 2010 in relation to the subscription of 1,550,000,000 new Shares by China Alliance Properties Limited at the subscription price of HK\$0.31 per Share, details of which are disclosed in the announcement of the Company dated 8 January 2010;
- (d) the agreement entered into by the Company and Grand Link Finance Limited on 7 January 2010 in relation to the subscription of 400,000,000 new Shares by Grand Link Finance Limited at the subscription price of HK\$0.31 per Share, details of which are disclosed in the announcement of the Company dated 8 January 2010;
- (e) joint venture contracts dated 25 April 2010 relating to the formation of a joint venture company with registered capital of RMB1,000,000,000 (of which RMB500,000,000 is contributed by the Company) between the Company, 復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.), 杭州綠城置業投資有限公司 (Hangzhou Greentown Land Investment Co., Ltd.) and 上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.), details of which are disclosed in the Company's announcement dated 27 April 2010;
- (f) sale and purchase agreement dated 28 June 2011 entered into between the Company as vendor and Hui Quick Investment Limited as purchaser for the entire issued share capital and shareholder's loan of Howei International Investment Limited for a total consideration of RMB218,341,287, details of which are disclosed in the Company's announcement dated 28 June 2011; and

- (g) the Agreement.

10. MISCELLANEOUS

- (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 situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at Unit 6108, 61/F., The Centre, 99 Queen's Road Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Unit 6108, 61/F., The Centre, 99 Queen's Road Central, Hong Kong during normal business hours (except Saturdays and public holidays) from the date of this circular up to and including 19 December 2011:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2010;
- (c) the review report of the financial information of the Project Company, the text of which is set out in Appendix I to this circular;
- (d) the accountants' report from BDO Limited in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;
- (e) the letter, summary of values and valuation certificates relating to the Land Parcel prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix IV to this circular;
- (f) the letter from Partners Capital as set out in this circular;
- (g) the written consents referred to in the paragraph under the heading "Experts and Consents" in this appendix;

- (h) the material contracts referred to in the paragraph under the heading “Material Contracts” in this appendix; and
- (i) the Agreement.



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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Shanghai Zendai Property Limited (the “**Company**”) will be held at Unit A, 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong at 10:30 a.m. on Monday, 19 December 2011, to consider and, if thought fit, pass, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement dated 28 October 2011 (the “**Agreement**”, a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) entered into between 上海証大置業有限公司 (Shanghai Zendai Land Company Limited*) (the “**Vendor**”), an indirect wholly owned subsidiary of the Company, as vendor and Shanghai Haizhimen Property Management Co., Ltd. (上海海之門房地產管理有限公司), a company which is indirectly owned as to 35% by the Company, as purchaser in relation to the sale and purchase (the “**Disposal**”) of the entire registered capital of 上海証大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited*) (the “**Project Company**”) and the outstanding shareholder’s loan owing by the Project Company to the Vendor and the performance and implementation of the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;

NOTICE OF SGM

- (b) the directors of the Company (the “**Directors**”) 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 expedient to give effect to the Agreement and the implementation of all transactions contemplated thereunder.”

By order of the Board
SHANGHAI ZENDAI PROPERTY LIMITED
Dai Zhikang
Chairman

Hong Kong, 25 November 2011

Registered office:

Canon’s Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business in Hong Kong:

Unit 6108, 61/F, 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. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of such power of attorney must be lodged with the Company’s branch registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, (as the case may be).
3. In the case of joint holders, the vote of the senior who tenders a vote, whether present in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zhu Nansong, Mr. Zuo Xingping, Ms. Zhou Yan, Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Zhou Chun, Mr. Dong Wenliang and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* for identification purpose only