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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

DISCLOSEABLE TRANSACTION IN RESPECT OF THE ACQUISITION OF THE EQUITY INTEREST OF COMPANY WHICH HELD A LAND PARCEL IN HAINAN, THE PRC

The Board is pleased to announce that on 2 January 2008 the Company entered into the Agreement with the Vendor pursuant to which the Company has agreed to purchase 100% of the shareholding interests in the Target Company from the Vendor for a consideration of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000) payable in US dollars and in cash.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

The Acquisition constitutes discloseable transaction of the Company under the Listing Rules. The Acquisition is subject to the requirements of announcement and circular under the Listing Rules. A circular containing, among other things, further information on the Acquisition will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT DATED 2 JANUARY 2008

On 2 January 2008 the Company entered into the Agreement with the Vendor pursuant to which the Company has agreed to purchase 100% of the shareholding interests in the Target Company from the Vendor for a consideration of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000). Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

1. Parties to the Agreement

- a. the Vendor (to the best of the Directors' knowledge, information and beliefs having made all reasonable enquiry, the Vendor is a third party independent of the Company and the connected persons of the Company); and
- b. the Company.

2. Consideration and payment terms

The consideration for the Acquisition of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement with reference to among other things. (1) the location and development potential of the Land which is owned by Hainan Huayi Land, a 60% owned subsidiary of the Target Company, details of which are set out in the paragraph headed "Background of the Target Company and Hainan Huayi Land" below and (2) the unaudited net asset value of Hainan Huayi Land of approximately RMB351,079,000 (equivalent to approximately HK\$376,170,000) as at 31 December 2007. The consideration will be payable in US dollars and in cash.

The consideration for the Acquisition of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000) represents the maximum consideration payable by the Company. The actual consideration payable will be determined by deducting the total liabilities of Hainan Huayi Land upon completion from the consideration of RMB206,260,000 (equivalent to approximately HK\$221,001,000). According to the Vendor, the total liabilities of Hainan Huayi Land amounted to approximately RMB426,663 (equivalent to approximately HK\$457,155) as at 31 December 2007.

The Board intends to finance the consideration of RMB206,260,000 (equivalent to approximately HK\$221,001,000) by the Group's internal resources. Pursuant to the Agreement, the consideration for the Acquisition will be payable to the Vendor as to:

1. RMB80,000,000 (equivalent to approximately HK\$85,717,000) before 31 January 2008;
2. RMB60,000,000 (equivalent to approximately HK\$64,288,000) before 30 June 2008; and
3. the remaining balance of not more than RMB66,260,000 (equivalent to approximately HK\$70,995,000) before 31 December 2008.

3. Completion of the Acquisition

Completion of the Acquisition will take place on the day upon (i) the approval of board of directors and/or shareholders of the Target Company on the Acquisition and (ii) completion of registration of the transfer of 100% shareholding interests in the Target Company from the Vendor to the Company from the relevant governmental authorities.

BACKGROUND OF TARGET COMPANY AND HAINAN HUAYI LAND

The Target Company is an investment holding company the sole asset of which is 60% shareholding interests in Hainan Huayi Land. No accounts has been prepared for the Target Company as it was set up for the purpose of holding 60% shareholding interest in Hainan Huayi Land. According to the Vendor, the Target Company does not have any liabilities. Hainan Huayi Land is a property development project company established in Hainan, the PRC with paid-up registered capital of RMB88,000,000 (equivalent to approximately HK\$94,289,000) and is owned as to 60% by the Target Company and 40% by a third party independent of the Company and the connected persons of the Company respectively.

The major asset of Hainan Huayi Land is a parcel of land located in Chenmai County (澄邁縣), Hainan, the PRC. Chenmai County is in the Northwestern part of Hainan and is adjacent to Haikou (海口市), the capital of Hainan. The Land is on the costal line of Qiongzhou Strait (瓊州海峽), making it one of the best location for leisure, commercial and residential development in Hainan. The Land has a total site area of 1,309,563 square metre and Hainan Huayi Land has obtained all the relevant land use right certificates. According to the Vendor, Hainan Huayi Land has not commenced any development on the Land.

According to the unaudited management accounts of Hainan Huayi Land (prepared in accordance with PRC GAAP), Hainan Huayi Land recorded net losses of approximately RMB13,000 (equivalent to approximately HK\$14,000) and approximately RMB124,000 (equivalent to approximately HK\$133,000) for the two years ended 31 December 2007 respectively. The unaudited net asset value as at 31 December 2006 and 31 December 2007 were approximately RMB88,362,000 (equivalent to approximately HK\$94,677,000) and approximately RMB351,079,000 (equivalent to approximately HK\$376,170,000) respectively.

REASONS FOR THE ACQUISITION

The Group is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties located in Shanghai and selected cities in the Yangtze River Delta and Northeast China. The Group currently has nine projects under various stages of development located in Shanghai, Haimen, Yangzhou, Haikou, Changchun and Jilin.

The Group is committed to pursuing promising integrated commercial and residential property projects in Shanghai and other cities. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to shareholders. The Board is of the view that acquisition of the Target Company will enable the Group to increase its land reserve in Hainan, one of the major provinces in the PRC. Given the location of the Land, the Group intends to develop the Land into leisure-related commercial property and residential property projects including, but not limited to, hotels, villas and other related facilities. The Board is of the view that the Land is of good development potential and will enhance the Group's profitability in the future.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

DISCLOSEABLE TRANSACTION

The Acquisition constitutes discloseable transaction of the Company under the Listing Rules. The Acquisition is subject to the requirements of announcement and circular under the Listing Rules. A circular containing, among other things, further information on the Acquisition will be despatched to the Shareholders as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the proposed acquisition of 100% of the shareholding interest in the Target Company pursuant to the terms and conditions of the Agreement
“Agreement”	an agreement in relation to the Acquisition dated 2 January 2008 (in Chinese) entered into between the Company and the Vendor
“Board”	the executive directors of the Company
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hainan Huayi Land”	海南華意置業有限公司 (Hainan Huayi Land Company Limited), a company established in the PRC with limited liability which is a property project company
“Hong Kong”	Hong Kong Special Administration Region of the PRC
“Land”	a parcel of land located in Chenmai County, Hainan, the PRC with a total site area of approximately 1,309,563 square metre
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	generally accepted accounting rules and regulations in the PRC
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Meiyi International Limited, a limited company incorporated in the British Virgin Islands with a paid-up capital of US\$1.0
“Vendor”	Mr. Zhang Shaoxia

“Working Day”	a day other than a Saturday or Sunday or any public holidays in the PRC
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“US dollar” or “US\$”	United States dollars
“%”	per cent.

By Order of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Fang Bin, Mr. Zhang Wei, Mr. Lu Puling, Mr. Wang Xiangang, Mr. Ye Wenbin and Mr. Tang Jian. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

Hong Kong, 8 January 2008

* *For identification purpose only*

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.9333 = HK\$1.00.