

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 LAND RESUMPTION

On 2 August 2021, Zendai Creative, an indirect wholly-owned subsidiary of the Company, received an executed version of the Land Resumption Agreement from the Local Authority, pursuant to which Zendai Creative agreed to surrender and the Local Authority agreed to resume the Resumed Land, together with the Construction and Fixtures, at a consideration of a compensation of RMB106,168,418 (equivalent to approximately HK\$126,340,417) payable by the Local Authority to Zendai Creative.

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Land Resumption is more than 5% but less than 25%, the Land Resumption constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Land Resumption therefore is subject to notification and announcement requirements but exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

On 2 August 2021, Zendai Creative, an indirect wholly-owned subsidiary of the Company, received an executed version of the Land Resumption Agreement from the Local Authority, pursuant to which Zendai Creative agreed to surrender and the Local Authority agreed to resume the Resumed Land, together with the Construction and Fixtures, at a consideration of a compensation of RMB106,168,418 (equivalent to approximately HK\$126,340,417) payable by the Local Authority to Zendai Creative.

The principal terms of the Land Resumption Agreement are summarised as follows:

THE LAND RESUMPTION AGREEMENT

- Parties:
- (1) Haimen Zendai Creative Investment Development Co., Ltd.* (海門証大創意投資發展有限公司), an indirect wholly-owned subsidiary of the Company
 - (2) Nantong Haimen People's Government Haimen Subdistrict Office* (南通市海門區人民政府海門街道辦事處)

Assets subject to the Land Resumption:	(i) The land use rights of the Resumed Land;
	(ii) the constructions erected on the Resumed Land (“ Construction ”); and
	(iii) the fixtures of the Company erected on the Resumed Land, including structures and attachments (“ Fixtures ”)
Address of the Resumed Land:	North of Tongda Road and East of Hengshan Road, Haimen city, Jiangsu Province, the PRC* (中國江蘇省海門市通達路北側及恆山路東側)
Site code:	State-owned Land Use Rights Certificate No. (2005) 420001 and State-owned Land Use Rights Certificate No. (2005) 420004
Total land area of the Resumed Land:	Approximately 133,336 square metres
Total gross floor area of the Construction:	Approximately 4,945 square metres
Land use:	Industrial
Effective date:	30 July 2021

A portion of the Resumed Land with a total gross floor area of approximately 3,987 square metres and a total land area of approximately 37,333 square metres respectively, is currently leased to Independent Third Parties. The remaining portion of the Resumed Land is currently vacant and has not been put into operation and use. Pursuant to the respective lease entered into with the tenants, Zendai Creative has the rights to unilaterally terminate the lease in the event of Land Resumption upon notice. As at the date of this Announcement, termination notice had been given to the respective tenants and no objection was noted by the Group.

Set out below is the financial information attributable to the Resumed Land, together with the Construction and Fixtures, with reference to the audited financial information of the Group for the two years ended 31 December 2019 and 2020:

	For the year ended 31 December 2019 RMB (approximately)	For the year ended 31 December 2020 RMB (approximately)
Revenue	19,200	21,500
Net loss before taxation	(840,300)	(424,000)
Net loss after taxation	(840,300)	(424,000)

The book value of the Resumed Land, together with the Construction and Fixtures, was approximately RMB3,321,161 (equivalent to approximately HK\$3,952,182) as at 31 December 2020 with reference to the latest audited financial information of the Group.

COMPENSATION AND PAYMENT TERMS

Pursuant to the Land Resumption Agreement, the compensation payable to Zendai Creative for the Land Resumption is RMB106,168,418 (equivalent to approximately HK\$126,340,417), which shall be payable by the Local Authority to Zendai Creative in cash within 90 business days upon the delivery of the Resumed Land, together with the Construction and Fixtures.

The delivery of vacant possession of the Resumed Land, together with the Construction and Fixtures, shall take place within 30 days after the effective date of the Land Resumption Agreement.

The amount of compensation for the Land Resumption was agreed after arm's length negotiations between the Local Authority and Zendai Creative, taking into account, among others, (i) the relevant laws, regulations and procedures applicable to resumption of land in Haimen City, and (ii) a valuation of the Resumed Land, together with the Construction and Fixtures, assessed by an independent professional valuer engaged by the Local Authority. In addition, taking into account the estimated financial gain after tax under the Land Resumption as further particularised in the paragraph headed "Financial Effect of the Land Resumption and Use of Proceeds" in this announcement, the Directors consider that the terms under the Land Resumption Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFIT OF THE LAND RESUMPTION

The Local Authority has advised Zendai Creative that the Resumed Land is situated within parcels of land that are subject to resumption due to implementation of the latest urban development plan.

As the revenue from the leasing activity of the portion of the Resumed Land could not cover the expenses, including land use tax, incurred in the maintenance of the Resumed Land and resulted in financial losses; and the remaining portion of the Resumed Land is currently vacant and has not been put into operation and use, it is expected that the Land Resumption will not cause material disruption to the business operations, financial conditions and future development of the Group. The Directors are of the view that the compensation is reasonable to the Company and would enhance the overall financial performance of the Group.

FINANCIAL EFFECT OF THE LAND RESUMPTION AND USE OF PROCEEDS

Based on the book value of the Resumed Land, together with the Construction and Fixtures, as at 31 December 2020 with reference to the latest audited financial information of the Group, it is expected that after deducting the estimated transaction costs and related taxes, the Group will recognise a gain from the disposal of the Resumed Land, together with the Construction and Fixtures, of approximately RMB78.13 million (equivalent to approximately HK\$92.97 million).

The net proceeds (after deducting other expenses in relation thereto) arising from the Land Resumption will be approximately RMB81.45 million (equivalent to approximately HK\$96.93 million).

The Company intends to apply the net proceeds for the Group's general working capital purposes.

INFORMATION ABOUT THE GROUP, ZENDAI CREATIVE AND THE LOCAL AUTHORITY

The Group is principally engaged in property development, property investment and provision of property management and hotel operation in the PRC. The Group currently has commercial property and residential projects in various cities in the PRC and majority of which are located in Shanghai and Nanjing.

Zendai Creative, an indirect wholly-owned subsidiary of the Company, is principally engaged in property development in the PRC.

The Local Authority, for the purpose of the Land Resumption, is a local administrative agency in Haimen City responsible for the implementation of the resumption of lands.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Local Authority and its ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Land Resumption is more than 5% but less than 25%, the Land Resumption constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Land Resumption therefore is subject to notification and announcement requirements but exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, terms used in the announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Shanghai Zendai Property Limited (上海証大房地產有限公司), a limited liability company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 755)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party (ies)”	a person or company who or which is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
“Land Resumption”	the resumption by the Local Authority, and the surrender by Zendai Creative of the Resumed Land, together with the Construction and Fixtures in consideration of a compensation of RMB106,168,418 (equivalent to approximately HK\$126,340,417) payable by the Local Authority to Zendai Creative
“Land Resumption Agreement”	the land resumption agreement entered into between the Local Authority and Zendai Creative in relation to the Land Resumption which became effective on 30 July 2021

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Local Authority”	Nantong Haimen People’s Government Haimen Subdistrict Office* (南通市海門區人民政府海門街道辦事處)
“PRC”	the People’s Republic of China and for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Resumed Land”	The parcel of land with a site area of approximately 47,448 square metres located at north of Tongda Road, Haimen city, Jiangsu Province, the PRC* (中國江蘇省海門市通達路北側) and the parcel of land with a site area of approximately 85,888 square metres located at north of Tongda Road and east of Hengshan Road, Haimen city, Jiangsu Province, the PRC* (中國江蘇省海門市通達路北側及恆山路東側), which are intended to be resumed by the Local Authority pursuant to the Land Resumption Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zendai Creative”	Haimen Zendai Creative Investment Development Co., Ltd.* (海門証大創意投資發展有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Shanghai Zendai Property Limited
Mr. Huang Yuhui
Executive Director

Hong Kong, 2 August 2021

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

Note: The conversion of RMB to HK\$ of 1 RMB = 1.19 HK\$ used for the purpose of this announcement is based on the exchange rate used in the annual report of the Company for the year ended 31 December 2020.

* For identification purpose only