SHANGHAI ZENDAI PROPERTY LIMITED
上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 755)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	3	**1,556,209**	1,401,553
Cost of sales		**(937,488)**	(1,011,932)
Gross profit		**618,721**	389,621
Other income and gains		**91,415**	49,188
Distribution costs		**(44,845)**	(14,598)
Administrative expenses		**(69,333)**	(51,073)
Other operating expenses		**–**	(60,779)
Fair value gain/(loss) on investment properties		**192,665**	(18,836)
Profit from operations	5	**788,623**	293,523
Share of results of associates		**5,139**	(43,302)
Gain on disposal of an associate		**–**	124,182
Finance costs	6	**(94,376)**	(29,913)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost		**944**	80,240
Profit before income tax expense		**700,330**	424,730
Tax expenses	7	**(343,065)**	(155,867)
Profit for the year		**357,265**	268,863
Attributable to:			
– Equity holders of the Company		**309,013**	230,481
– Minority interests		**48,252**	38,382
		357,265	268,863
Earnings per share	9		
Basic		**HK5.0 cents**	HK4.6 cents
Diluted		**HK4.7 cents**	HK4.2 cents

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2007 HK$'000	2006 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**12,822**	12,942
Investment properties		**955,107**	293,597
Goodwill		**172,281**	60,131
Investment in an associate		**72,606**	–
Investment in a jointly controlled entity		**62,385**	–
Deposits for acquisition of investment properties		**–**	262,283
Available-for-sale investments		**24,858**	17,809
Restricted cash		**–**	500
Total non-current assets		**1,300,059**	647,262
Current assets			
Properties for development and sales		**3,818,309**	2,359,963
Trade and other receivables	*10*	**254,021**	156,228
Deposits for property development		**5,105**	64,073
Financial assets at fair value through profit or loss		**103,584**	36,086
Available-for-sale investments		**3,419**	3,200
Amounts due from related companies		**43,767**	10,580
Amount due from a minority owner of a subsidiary		**908**	17,127
Tax prepayment		**18,892**	2,675
Cash and cash equivalents		**1,327,861**	587,055
Total current assets		**5,575,866**	3,236,987
Assets classified as held for sale		**32,471**	–
Total assets		**6,908,396**	3,884,249
Liabilities			
Current liabilities			
Trade and other payables	*11*	**650,431**	378,704
Receipts in advance from customers		**1,067,051**	478,276
Amounts due to related companies		**190**	57,545
Amount due to a minority owner of a subsidiary		**33,632**	30,679
Bank loans		**198,776**	350,689
Convertible notes		**64,894**	138,259
Tax payable	*12*	**459,532**	218,264
Total current liabilities		**2,474,506**	1,652,416
Net current assets		**3,101,360**	1,584,571
Total assets less current liabilities		**4,433,890**	2,231,833

	2007	2006
	HK$'000	*HK$'000*
Non-current liabilities		
Bank loans	**510,160**	463,625
Convertible notes	**–**	64,686
Senior loan notes	**1,135,998**	–
Deferred tax liabilities	**258,207**	105,580
Total non-current liabilities	**1,904,365**	633,891
Total liabilities	**4,378,871**	2,286,307
TOTAL NET ASSETS	**2,529,525**	1,597,942
Capital and reserves attributable to equity holders of the Company		
Share capital	**140,075**	115,575
Reserves	**1,986,624**	1,250,052
Equity attributable to equity holders of the Company	**2,126,699**	1,365,627
Minority interests	**402,826**	232,315
TOTAL EQUITY	**2,529,525**	1,597,942

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) In the current year, the Company has applied all the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are relevant to its operation and effective for the current accounting period.

The adoption of these new HKFRSs did not affect recognition or measurement of the amounts recognised in the financial statements for the current or prior accounting periods. As a result, no prior period adjustment has been required.

However, the adoption of "HKFRS 7 Financial instruments: Disclosure" and "Amendment to HKAS 1, Presentation of financial statements: Capital disclosures" resulted a much extensive disclosures in respect of financial instruments and an additional disclosure on capital management policy respectively. Comparative information have been restated to achieve a consistent presentation.

(b) **Potential impact arising on the new accounting standards not yet effective**

The Company has not yet applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipated that the application of these new HKFRSs will have no material impact on the financial statements of the Company.

HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Amendment)	Business Combinations[1]
HKFRS 8	Operating Segments[2]
HK (IFRIC) – Interpretation 11	Group and Treasury Share Transactions[5]
HK (IFRIC) – Interpretation 12	Service Concession Arrangements[4]
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes[3]
HK (IFRIC) – Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2008.
4 Effective for annual periods beginning on or after 1 January 2008.
5 Effective for annual periods beginning on or after 1 March 2007.

3. TURNOVER

Turnover represents the aggregate of proceeds from sales of properties, amounts received and receivable for the provision of travel and related services to outside customers and rental income from investment properties, and is summarised as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Sales of properties	**1,507,675**	1,360,648
Rental income	**33,167**	18,719
Travel and related services	**15,367**	22,186
	1,556,209	1,401,553

4. SEGMENT INFORMATION

(a) Business segment

For management purpose, the Group is currently organised into three operating divisions, sales of properties, provision of travel and related services and properties investment. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these business is presented below:

	Sales of properties		Travel and related services		Properties investment		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue – external sales	**1,507,675**	1,360,648	**15,367**	22,186	**33,167**	18,719	**1,556,209**	1,401,553
Results								
Segment results	**538,928**	266,597	**(1,000)**	26	**218,183**	(8,948)	**756,111**	257,675
Unallocated corporate income							**91,531**	50,892
Unallocated corporate expenses							**(59,019)**	(15,044)
Profit from operations							**788,623**	293,523
Share of results of associates	**5,139**	(43,302)	**–**	–	**–**	–	**5,139**	(43,302)
Gain on disposal of an associate	**–**	124,182	**–**	–	**–**	–		124,182
Finance costs							**(94,376)**	(29,913)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**944**	80,240	**–**	–	**–**	–	**944**	80,240
Profit before income tax expense							**700,300**	424,730
Income tax expense							**(343,063)**	(155,867)
Profit for the year							**357,265**	268,863

	Sales of properties		Travel and related services		Properties investment		Unallocated		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets										
Segment assets	**5,615,885**	3,042,060	**2,371**	3,840	**1,042,614**	565,294	**–**	–	**6,660,870**	3,611,194
Interests in associates	**72,606**	–	**–**	–	**–**	–	**–**	–	**72,606**	–
Unallocated assets									**174,920**	273,055
Total assets									**6,908,396**	3,884,249
Liabilities										
Segment liabilities	**2,337,440**	1,182,151	**1,946**	2,918	**1,199**	2,630	**–**	–	**2,340,585**	1,187,699
Unallocated liabilities	**–**		**–**		**–**		**–**		**2,038,386**	1,098,608
Total liabilities									**4,378,971**	2,286,307
Other information										
Capital expenditure	**2,348**	723	**81**	141	**–**	–	**–**	–	**2,429**	864
Depreciation	**3,325**	2,204	**59**	70	**–**	–	**–**	60	**3,384**	2,334
Loss on disposal of a subsidiary	**–**	–	**181**	–	**–**	–	**–**	–	**181**	–
Loss on disposal of property, plant and equipment	**–**	53	**–**	–	**–**	–	**–**	–	**–**	53
Written off of property, plant and equipment	**64**	–	**–**	–	**–**	–	**–**	–	**64**	–
Loss on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	9,266	**–**	9,266
Impairment loss on amount due from minority owner	**–**	15,686	**–**	–	**–**	–	**–**	–	**–**	15,686
Impairment loss on other receivables	**–**	45,518	**–**	–	**–**	–	**–**	–	**–**	45,518
Fair value gains on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**22,505**	3,177	**22,505**	3,177
Gain on disposal on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**32,741**	–	**32,741**	–
Fair value gain/(loss) on investment properties	**–**	–	**–**	–	**192,665**	(18,836)	**–**	–	**192,665**	(18,836)
Gain on disposal of assets classified as held for sales	**–**	22,059	**–**	–	**–**	–	**–**	–	**–**	22,059
Gain on disposal of available-for-sales investment	**–**	–	**–**	–	**–**	–	**518**	–	**518**	–
Reversal of impairment loss on deposits for property development	**–**	13,725	**–**	–	**–**	–	**–**	–	**–**	13,725

(b) **Geographical segment**

The Group's operations are principally located in Hong Kong, Macau and the PRC. Group administration is carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market and analysis of total assets and capital expenditure by the geographical area in which the assets are located.

Group

	Turnover		**Carrying amount of assets**		**Capital expenditure**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**1,540,842**	1,379,366	**6,797,401**	3,622,063	**2,348**	14,455
Hong Kong	**13,201**	17,574	**110,996**	260,761	**81**	136
Macau	**2,166**	4,613	**–**	1,425	**–**	5
	1,556,209	1,401,553	**6,908,397**	3,884,249	**2,429**	14,596

5. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Staff costs	**39,560**	30,215
Depreciation of property, plant and equipment	**3,384**	2,334
Auditor's remuneration	**2,614**	1,154
Loss on disposal of a subsidiary	**181**	–
Loss on disposal of financial assets at fair value through profit or loss	**–**	9,266
Loss on disposal of property, plant and equipment	**–**	53
Written off of property, plant and equipment	**64**	–
Impairment loss on amount due from a minority owner of a subsidiary	**–**	15,686
Impairment loss on other receivables	**–**	45,518
Share of tax of associates (included in share of results of associates)	**–**	35,473

and after crediting:

Gross rental income from investment properties	**33,167**	18,719
Less: direct operating expenses from investment properties that generated rental income during the year	**–**	–
	33,167	18,719
Interest income	**28,355**	4,684
Dividend income from listed equity securities	**550**	529
Fair value gain on financial assets at fair value through profit or loss	**22,505**	3,177
Gain on disposal of financial assets at fair value through profit or loss	**32,223**	–
Gain on disposal of assets classified as held for sales	**–**	22,059
Gain on disposal of available-for-sales investment	**518**	–
Reversal of impairment loss on deposits for property development	**–**	13,725
Exchange gains, net	**574**	548

6. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**23,710**	25,162
Interest on bank loans repayable after five years	**20,079**	16,722
Less: amount capitalised in properties for sales	**(23,689)**	(25,151)
	20,100	16,733
Interest on convertible notes	**7,326**	13,180
Interest on senior loan notes	**66,950**	–
	94,376	29,913

7. TAX EXPENSES

The amount of tax expenses in the consolidated income statement represents:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the year	**105,578**	81,651
– under/(over) provision in respect of prior years	**35,187**	(15,902)
	140,765	65,749
Current tax – LAT		
– tax for the year	**182,140**	25,565
– tax attributable to sales in prior years	**7,250**	80,444
	189,390	106,009
Deferred tax		
– current year	**9,718**	(15,891)
– effect of change in tax rate	**3,192**	–
	12,910	(15,891)
	343,065	155,867

Hong Kong Profits Tax and Macau Complementary Income Tax

No provision for Hong Kong Profits Tax and Macau Complementary Income Tax has been made as the Group has no assessable profit in Hong Kong and Macau for the year ended 31 December 2007 and 2006.

PRC Enterprise Income Tax

PRC subsidiaries are subject to PRC Enterprise Income Tax at rate ranging from 15% to 33% (2006: 15% to 33%).

The Tenth National People's congress enacted a new Enterprise Income Tax Law on 16 March 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The new tax law will become effective on 1 January 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, shall have five years from the time when the EIT Law takes effect to transition progressively to the legally prescribed tax rate. During this period, an enterprise that enjoyed the 15% enterprise income tax rate shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012; an enterprise that previously enjoyed the 24% tax rate shall be subject to the 25% tax rate starting the year 2008.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

8. DIVIDENDS

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2006: Nil).

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to shareholders	**309,013**	230,481
Weighted average number of ordinary shares in issue (thousands)	**6,228,396**	4,972,451
Basic earnings per share (HK cents per share)	**5.0**	4.6

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to shareholders and the weighted average number of shares in issue during the year after adjusting for the number of dilutive potential ordinary shares on convertible notes issued.

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to shareholders	**309,013**	230,481
Adjustments for interest on convertible notes	**7,300**	13,180
Profit attributable to shareholders for diluted earnings per share	**316,313**	243,661
Weighted average number of ordinary shares in issue (thousands)	**6,228,396**	4,972,451
Effect of dilutive potential ordinary shares on convertible notes (thousands)	**523,367**	879,244
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**6,751,763**	5,851,695
Diluted earnings per share (HK cents per share)	**4.7**	4.2

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables *(note (a))*	**71,759**	80,275	**–**	–
Deposits	**78,825**	4,399	**452**	191
Prepayments	**60,666**	26,558	**217**	53
Other receivables *(note (b))*	**42,771**	44,996	**–**	–
	254,021	156,228	**669**	244

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

(a) The ageing analysis of trade receivables at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current [(i)]	**356**	810
0-30 days past due	**64,299**	1,961
31-60 days past due	**2,288**	883
61-90 days past due	**65**	1,140
91-180 days past due	**73**	2,909
Over 180 days past due	**4,678**	72,572
Amount past due at balance sheet date but not impaired [(ii)]	**71,403**	79,465
	71,759	80,275

(i) The current balance related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$71,403,000 (2006: HK$79,465,000) past due but not impaired related to a number of customers. The Group recognised impairment loss on individual assessment based on the accounting policy.

(b) The balance is neither past due nor impaired and there was no recent history of default.

11. TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables *(note)*	**324,057**	272,459	**–**	–
Other payables and accruals	**326,374**	106,245	**80,148**	700
	650,431	378,704	**80,148**	700

Note:

The ageing analysis of trade payables at the balance sheet date is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current	**212,834**	504
0-30 days past due	**34,376**	2,657
31-60 days past due	**2,150**	74,990
61-90 days past due	**926**	5,304
91-180 days past due	**409**	227
181-360 days past due	**1,664**	98,449
Over 360 days past due	**34,198**	68,328
	286,557	250,459
Retention money	**37,500**	22,000
	324,057	272,459

The trade payables mainly represent accrued construction costs payable to contractors and the amounts will be paid upon the completion of cost verification process between the contractors and the Group.

12. TAX PAYABLE

	Group	
	2007	2006
	HK$'000	*HK$'000*
PRC Enterprise Income Tax payable	**109,297**	24,524
LAT provision		
– attributable to sales in current year	**168,263**	26,076
– attributable to sales in prior years	**181,972**	82,052
– arising from acquisition of additional interest in associates in 2006	**–**	85,612
	459,532	218,264

13. CLOSURE OF REGISTER OF MEMBERS

As no final dividend will be proposed for the year, it was not necessary to close the register of members of the Company.

CHAIRMAN'S STATEMENT

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

During the year under review, turnover of the Group amounted to approximately HK$1,556,209,000, approximately 11% increase as compared to approximately HK$1,401,553,000 last year. Profit attributable to the shareholders of the Company (the "Shareholders") increased by approximately 34% to approximately HK$309,013,000 against approximately HK$230,481,000 last year. Basic earnings per share of the Company (the "Share") were HK5.0 cents (2006: HK4.6 cents). The Group's turnover and profit was mainly derived from:

- sale and delivery of office units in "Zendai Cube Tower" in Shanghai
- sale and delivery of "Mandarin Palace" villas in Shanghai
- sale and delivery of residential units in Phase I of "山水國際" in Jilin
- revaluation surplus of retail units in "Zendai Thumb Plaza" in Shanghai

Dividend

The Directors do not recommend payment of a final dividend for the year ended 31 December 2007 (2006: nil).

Business Review

2007 was a year laden with opportunities and challenges for the Group. During the year, the economy in the People's Republic of China (the "PRC") continued to grow rapidly with investment in urban construction growing and people earning more income. These phenomena fuelled demand for different types of properties from the market. At the same time, the central government of the PRC continued to launch macroeconomic austerity measures and related credit control policies, which have helped to stabilise property prices and bring the property market back on to a more healthy and orderly growth track. Guided by aggressive development strategies and with finger on the pulse of the market, the Group actively pursued potential residential and commercial property projects in Shanghai and other cities in the PRC to expand market coverage and strategically strengthened its financial base to boost the scale of its business.

The Group raised net proceeds of approximately US$144,800,000 (equivalent to HK$1,129,440,000) through issuing bonds in June 2007 and approximately HK$269,800,000 through placing of 600,000,000 new Shares in November 2007, allowing it to secure adequate capital reserve to support acquisition of new projects. With a strengthened capital base, the Group was able to gain more property development projects with great potential and increased its land reserves through a number of acquisitions during the year.

During the year under review, the Group completed a number of acquisitions including the commercial project "Zhongke Langfang Technology Valley" in Langfang city, Hebei Province, the integrated property project "Hengsheng Pavilion" in Pudong Shanghai, the residential and hotel project in Qingdao, Shangdong Province and the commercial project in Haikou, Hainan. Moreover, the Group acquired the remaining 20% interest in Shanghai Zendai Real Estate Company Limited ("Zendai Land") at a consideration of RMB305,000,000 (equivalent to HK$316,029,000), making it an indirect wholly-owned subsidiary of the Company. The acquisition has not only enlarged the Group's assets base, but is expected to also enhance its overall financial performance in the future. Subsequent to the balance sheet date, the Group also completed a number of acquisitions in Chenmai County in Hainan, Huzhou in Zhejiang Province and Haimen in Jiangsu Province to expand project portfolio and increase land reserves.

Residential Projects

Shanghai

Mandarin Palace

"Mandarin Palace" villas, the Group's premium residential project in Shanghai, maintained satisfactory sales. As at 31 December 2007, a cumulative 37 individual villas with total saleable area of 26,578 square metres (17,383 square metres above-ground and 9,195 square metres underground) were sold, generating RMB1,070,365,000 (equivalent to HK$1,109,072,000) in terms of contract value for the Group. During the year under review, 9 individual villas with total saleable area of 6,664 square metres (4,472 square metres above-ground and 2,192 square metres underground) were sold, generating RMB369,100,000 (equivalent to HK$382,447,000) in terms of contract value for the Group. During the year under review, 25 villas with total floor area of 17,602 square metres (11,589 square metres above-ground and 6,013 square metres underground) were delivered and booked for the year at the total contract value RMB755,844,000 (equivalent to HK$783,177,000).

Other cities

"山水國際" in Jilin

Occupying site area of 190,000 square metres, "山水國際", a residential property project in Jilin, boasts a total saleable area of approximately 196,000 square metres. The project will be developed in four phases. Sales of "楓林別墅", the first phase of the project, comprising 118 town houses and 11 villas with total saleable area of 39,252 square metres began in November 2006. As at 31 December 2007, a cumulative 115 town houses and 5 villas with total saleable area of 35,062 square metres were sold, generating RMB143,381,000 (equivalent to HK$148,566,000) in terms of contract value for the Group. During the year under review, a total of 114 town houses and 4 villas with total floor area of 34,155 square metres were delivered at total contract value booked for the year at RMB137,320,000 (equivalent to HK$142,286,000). Construction of the second phase of the project comprising 4 low-rise blocks and 7 high-rise blocks, which together provide 568 residential units and ancillary commercial facilities with total saleable area of about 87,000 square metres, started in July 2007. Pre-sale of the residential units project had begun in November 2007. During the year under review, a total of 30 residential units with total saleable area of 3,006 square metres were sold, generating RMB11,219,000 (equivalent to HK$11,625,000) in terms of contract value for the Group. The third phase of the project will include villas and town houses with total saleable area of about 31,000 square metres and construction is expected to begin in May 2008. The fourth phase is still in planning stage.

“証大光明城” in Changchun

Located in Changchun, “証大光明城” comprises residential properties and ancillary retail spaces with a land area of 405,000 square metres and total saleable area of approximately 600,000 square metres. The project will be developed in five phases. The first phase occupying a land area of approximately 77,300 square area will comprise 23 multi-storey residential buildings and three high-rise residential buildings offering a total of 1,210 units and related ancillary commercial facilities with total saleable area of 112,000 square metres. Pre-sale of the first phase commenced in October 2007. During the year under review, a total of 432 units with total saleable area of 40,562 square metres were sold, generating RMB134,080,000 (equivalent to HK$138,929,000) in terms of contract value for the Group. The second phase will be developed into multi-storey residential buildings, high-rise residential buildings and shops with total saleable area of approximately 115,000 square metres and construction will start in May 2008. The other phases are still in planning stage.

“Zendai Garden-Riverside Town” in Haimen

The Group’s “Zendai Garden-Riverside Town” project in Haimen, Jiangsu Province is not a major property project for sale during the year under review. The project will be developed in two parts with total land area of approximately 577,485 square metres. “Zendai-Dong Zhou Mansion”, the first part of the project, is developed in three phases with Phase I including 52 villas with total saleable area of approximately 17,457 square metres. As at 31 December 2007, a cumulative 41 units with total saleable floor area of 13,903 square metres were sold, generating RMB64,483,000 (equivalent to HK$66,815,000) in terms of contract value for the Group. Phases II and III of “Zendai-Dong Zhou Mansion” are still in the planning stage. “滿庭芳”, the second part of “Zendai Garden-Riverside Town” will be developed in four phases into an integrated residential area comprising low density town houses. Construction of Phase I offering 212 units with total saleable area of 57,000 square metres is expected to be completed by end of 2008. As at 31 December 2007, a cumulative 66 units with total saleable floor area of 18,171 square metres were sold, generating RMB77,014,000 (equivalent to HK$79,799,000) in terms of contract value for the Group. The other three phases of “滿庭芳” are in planning stage.

The Group also acquired another piece of land with site area of approximately 811,000 square metres for the development of residential properties in Haimen in 2006. It is still in the planning stage.

Commercial Property Projects

Shanghai

Zendai Cube Tower

The Group’s grade A office project “Zendai Cube Tower” comprising offices and commercial properties with a total gross floor area of 33,149 square metres in Pudong, Shanghai was completed in August 2007. As at 31 December 2007, a cumulative total floor area of 26,325 square metres was sold, generating RMB573,333,000 (equivalent to HK$594,066,000) in terms of contract value for the Group. During the year under review, a total floor area of 19,509 square metres was sold, bringing in RMB461,321,000 (equivalent to HK$478,003,000) in terms of contract value for the Group. A total floor area of 24,420 square metres was delivered during the year with contract value booked totaling RMB520,464,000 (equivalent to HK$539,285,000).

Wu Dao Kou Financial Centre

"Wu Dao Kou Financial Centre" is another grade A commercial property project of the Group in Pudong, Shanghai. The entire project was completed in early 2008. The south tower was acquired by Evergreen Group in Taiwan as its headquarters in the Asia Pacific region during the year under review and was delivered in February 2008. As for the north tower, pre-sale of 15 floors of office units with total floor area of 32,113 square metres commenced in November 2007. As at 31 December 2007, a total saleable area of 8,564 square metres were sold, bringing in RMB270,099,000 (equivalent to HK$279,866,000) in terms of contract value for the Group. The remaining 10 floors of office units with total floor area of 14,498 square metres and commercial areas with total floor area of 8,396 square metres will be reserved for rental. Pre-letting has commenced in February 2008.

Hengsheng Pavilion

During the year under review, the Group acquired 95% interest in "Hengsheng Pavilion", an integrated property project in Pudong, at a total consideration of RMB427,500,000 (equivalent to HK$442,959,000). The project is on a 12,789-square-metre site with a total saleable area of 52,300 square metres. It will comprise a 17-storey office building with a podium consists of two levels of commercial spaces and two 18-storey serviced apartments with ground level as commercial spaces. There will be two levels of underground spaces designed for entertainment and leisure related commercial use and as car parking spaces. The Group topped out the project during the year under review and exterior work is in progress. It is expected to start sale in the second half of 2008. The Group acquired the remaining 5% interest in "Hengsheng Pavilion" in March 2008.

Zendai Thumb Plaza

The Group holds interest in part of the shopping mall of "Zendai Thumb Plaza" in Pudong, Shanghai for rental purpose. During the year under review, the Group strengthened the position of the project as a new landmark in Pudong by introducing more prominent brands and increased rental income from the project. According to the payment terms of the acquisition agreement, the total consideration of RMB680,000,000 will be paid by installments and the consideration will be fully paid by end of 2008. The rental income for 2009 is estimated at approximately RMB50,000,000.

Other Cities

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment uses in the heart of Yangzhou city. The project has a total saleable area of approximately 90,000 square metres and will include a cultural sightseeing area and a commercial district. It will be developed in two phases. Construction of the first phase with total saleable floor area of approximately 18,000 square metres commenced in January 2008 and pre-sale is expected to start in September 2008.

"Zhongke Langfang Technology Valley" in Langfang city

In July 2007, the Group entered into a framework agreement with Shan Shan Investment Holdings Co., Limited to jointly develop "Zhongke Langfang Technology Valley" in Langfang city, Hebei Province. The technology valley has a total site area of approximately 3,300,000 square metres, 30% of which will be for developing commercial properties. The overall planning of the project is underway. According to the framework agreement, the Group acquired 30% interest in Zhongke Langfang Technology Valley Co., Ltd. at a consideration of RMB63,000,000 in October 2007, marking the first phase of the cooperation. Other detailed terms of cooperation are under negotiation. As Bohai Bay Rim has been identified as a major development focus in the PRC's Eleventh Five-Year Plan, the strategic cooperation will allow the Group to gain foothold and seize business opportunities in the Bohai Bay Rim. It will also increase the land reserve of the Group by 1,000,000 square metres in total saleable area.

Qingdao Project

During the year under review, the Group acquired 25% interest in "青島上實地產有限公司" which owns a parcel of land of approximately 43,920 square metres located in Lao Shan District of Qingdao City for developing into a residential project and a hotel with total saleable area approximately 65,000 square metres and 43,000 square metres respectively. The entire project is expected to be completed in 2010.

Haikou Project

By end of 2007, the Group acquired 95% interest in "海南新世界發展有限公司" and "海南華僑會館有限公司" respectively, through which it obtained a project under development with gross floor area of approximately 72,000 square metres and a parcel of land of approximately 7,745 square metres in Haikou, Hainan. The Group intends to convert the project under development into office with total saleable area of approximately 72,000 square metres. Construction of the project commenced in April 2008 and pre-sale is expected to start in November 2007. The project will be completed and delivered by end of 2009. The parcel of land of approximately 7,745 square metres is still in planning stage.

Issue of Fixed Rate Notes

During the year under review, the Group issued a five-year term 10% fixed rate notes of an aggregate principal amount of US$150,000,000. The net proceeds from the issue were approximately US$144,800,000 (equivalent to HK$1,129,440,000) for acquisition of new property projects. The notes have been rated "B+" by Standard & Poor's Ratings Group, Inc., "B+" by Fitch Ratings, Ltd. and "B2" by Moody's Investors Services, Inc. The Group has the notes listed on the Singapore Exchange Securities Trading Limited. The move has not only generated timely capital for the Group, but also allowed the Group to expand financing source for promoting long-term development.

Placing of New Shares

In November 2007, the Company entered into an agreement with China Alliance Properties Limited ("China Alliance") to place to China Alliance 600,000,000 new shares at a subscription price of HK$0.45. The new shares represent approximately 8.57% of the enlarged issued share capital of the Company. Net proceeds from the placing amounted to approximately HK$269,800,000 for future property acquisition in the PRC. The placing also broadened the Group's shareholder base.

Prospects

In January 2008, the Group acquired 100% interest in Meiyi International Limited at a total consideration of RMB206,260,000 (equivalent to HK$213,719,000), through which it obtained 60% interest in Hainan Huayi Land Company Limited. The project company owns a parcel of land of 1,309,563 square metres in Chenmai County, Hainan, the PRC, which is intended to be developed into a leisure-related commercial property and residential property project.

In the same month, the Group also acquired a parcel of land in Huzhou, Zhejiang province with a total site area of approximately 59,935 square metres and total saleable floor area of approximately 119,000 square metres at a total consideration of RMB122,000,000 (equivalent to HK$126,412,000), which will be developed into a residential and related commercial property project.

In January 2008, the Group also completed the acquisition of a parcel of 133,200-square metre land in Haimen, at a total consideration of RMB27,000,000 (equivalent to HK$27,976,000). The land acquired is close to the Group's existing development project "Zendai Garden-Riverside Town". Apart from expanding its land bank, the acquisition has also allowed the Group to perfect the overall planning of "Zendai Garden-Riverside Town".

Looking forward, with urbanisation taking place at increasing speed and living standard continuing to improve in the country, the PRC property market has ample room for growth. Furthermore, government macroeconomic austerity measures and credit control are expected to bring the property market back on to a more healthy and orderly growth track. The Group has laid down relevant development strategies with reference to current market conditions. Regarding operational coverage, its business spans from its headquarters in Shanghai across the Yangtze River Delta region (Haimen, Yangzhou and Zhejiang), Bohai Bay Rim (Langfang), Northeastern China (Changchun, Jilin and Qingdao) and Southeastern China (Hainan). The Group will continue to look for potential acquisition targets to extend business coverage. Also, the Group will continue its two-pronged approach putting weight on both residential and commercial property development, and retain some commercial properties as investment properties to increase recurring rental income. The Group believes the PRC property industry will continue to grow and present tremendous opportunities to market players. Drawing from its years of property development experience and integrated with an enhanced capital structure and financial base, the Group is committed to developing and strengthening its business in the market with the aim of bringing satisfactory returns to Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group achieved satisfactory results for the year ended 31 December 2007. The profit for the year was mainly attributable to sales and delivery of office units of Zendai Cube Tower, 25 villas of Mandarin Palace, residential units of Phase I of "山水國際" in Jilin and revaluation surplus of shopping mall of Zendai Thumb Plaza. The Group is engaged in the development of mid to high end properties in Shanghai and certain selected second tier cities in China. During the year, several residential and commercial projects went on sale. For residential projects, they were villas in Mandarin Palace, villas and detached houses in Haimen, villas and apartments in Jilin and apartments in Changchun. In respect of commercial projects, they were office premises in Zendai Cube Tower and Wu Dao Kou Financial Centre.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2007 the Group had a healthy financial position with net assets increased from approximately HK$1,598 million in 2006 to approximately HK$2,530 million. Net current assets amounted to approximately HK$3,101 million (2006: approximately HK$1,585 million) with current ratio of approximately 2.26 times (2006: 1.96 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2007, the Group had consolidated bank loans of approximately HK$709 million in which HK$199 million was repayable within one year and HK$510 million was repayable more than one year. As at 31 December 2007, the Group's bank balances and cash are approximately HK$1,328 million. The gearing ratio of the Group slightly increased from 0.8 times in 2006 to 0.9 times in 2007 (basis: total of amounts due to related companies, bank loans, notes payable and convertible notes dividend by Shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the year amounted to HK$1,507,675,000 (2006: HK$1,360,648,000). It resulted from the increase in high value properties available for delivery to buyers by the Group during the year.

Travel and related business

The turnover of this segment for the year reached approximately HK$15,367,000 (2006: HK$22,186,000).

Investment properties

The turnover of this segment for the year was approximately HK$33,167,000 (2006: HK$18,719,000).

Foreign Currency Exposures

As most of the Group's monetary assets and liabilities are denominated in Renminbi, the exchange rate risks of the Group is considered to be minimal.

Employees

As at 31 December 2007, the Group employed approximately 280 employees (2006: 230 employees) 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.

Major Acquistions

20% shareholding in Zendai Land

In October 2007, the Company's wholly owned subsidiary, Amply Century Limited entered into an agreement to purchase 20% interest in Zendai Land at a total consideration of RMB305,000,000 (equivalent to approximately HK$316,029,000). The acquisition was completed in February 2008, which increased the Group's shareholding in Zendai Land from 80% to 100%. As Zendai Land is the Group's flagship real estate company in PRC, the acquisition will enhance the Group's overall financial performance.

Hengsheng Pavilion in Pudong, Shanghai

During the year under review, the Group also acquired 95% of the registered capital of Shanghai Hengjin Property Development Co., Ltd. ("Shanghai Hengjin") for a consideration of RMB427,500,000. The remaining 5% of the registered capital was also acquired in March 2008. Shanghai Hengjin is developing an integrated commercial and residential project named Hengsheng Pavilion in Pudong, Shanghai which will be available for sale in the second half of 2008.

Charge on Assets

As at 31 December 2007, the Group's properties for development and sales of approximately HK$465 million had been pledged to banks to secure bank loans granted to the Group.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the year.

The Company's annual results for the year ended 31 December 2007 has been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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

Hong Kong, 10 April 2008

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