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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)

#### VOLUNTARY ANNOUNCEMENT – LITIGATION

This announcement is made by Shanghai Zendai Property Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Recently, the Group received a civil judgment dated 16 March 2022 (the “**Judgement**”) from the Yuhuatai District People’s Court in Nanjing, Jiangsu Province of the People’s Republic of China\* (the “**PRC**”) (中華人民共和國江蘇省南京市雨花台區人民法院) (the “**Court**”). In the Judgment, the Court made a first-instance judgment on a litigation (the “**Litigation**”) between Suzhou Xiongqi Enterprise Management Service Co., Ltd.\* (蘇州雄騏企業管理服務有限公司) (“**Xiongqi**”) as the plaintiff and Nanjing Thumb Commercial Development Co., Ltd.\* (南京証大大拇指商業發展有限公司) (“**Nanjing Thumb**”), a wholly-owned subsidiary of the Company, as the defendant, and ordered Nanjing Thumb to return Xiongqi RMB10 million within 15 days from the effective date of the Judgment, together with the interest accrued from 25 July 2021 to the date of actual payment on the basis of RMB10 million at the market quoted interest rate for loans published by the National Interbank Funding Center of the PRC\* (中國全國銀行間同業拆借中心), and also to bear the case acceptance fee of the Litigation.

The Company hereby, on the basis of the results of the internal investigation conducted by the Group, explains the background and facts of the Litigation to the shareholders and potential investors of the Company:

In July 2015, the Company entered into memorandum of understanding with Hua Cheng International Holdings Group Pty Ltd\* (華誠國際控股集團) (“**Hua Cheng**”) in relation to an acquisition of Hua Cheng’s property projects located in Sydney and Melbourne (the “**Australian Project**”), and paid an earnest money of HK\$20 million (“**Investment Earnest Money**”) to Hua Cheng.

According to the record uncovered in our internal investigation, on 6 January 2016, at the request of Hua Cheng, our Company agreed to advance a loan in the amount of the Hong Kong dollar equivalent of RMB10 million (the “**Loan**”) and directly disbursed such sum to Oceania Construction Group Pty Ltd\* (太平洋建設集團有限公司) (“**Oceania Construction**”), an associated company of Hua Cheng, for their need of funds in Hong Kong dollar. In return, Oceania Construction, arranged Xiongqi, its associated company in the PRC, to transfer the sum of RMB10 million to Nanjing Thumb as the security deposit for the Loan (the “**Security Deposit**”, and together with the Loan, the “**Loan Arrangement**”). Under the Loan Arrangement, the Loan was agreed to be repaid by 31 January 2016 and the Security Deposit shall only be returned after the Loan was fully repaid. The Investment Earnest Money was paid and Loan Arrangement was implemented after being approved by Mr. Xue Gang, the then principal of investment of the Company, Mr. Zhu Zhongming, the then principal of finance of the Company and Mr. Chen Feng, the then executive president of the Company (collectively the “**Former Key Management**”). Shortly after that, Hua Cheng and Oceania Construction fell into operational difficulties and were eventually liquidated. Therefore, the Group has been unable to recover the Investment Earnest Money and Loan, and accordingly Nanjing Thumb has not returned the Security Deposit to Xiongqi to date.

Since the date of the Loan Arrangement, Xiongqi has not requested Nanjing Thumb to return the Security Deposit. Until 22 July 2021, the legal representative of Xiongqi issued a demand letter to Nanjing Thumb, requesting Nanjing Thumb to return the Security Deposit of RMB10 million to Xiongqi. At that time, according to the financial records of the Group, Oceania Construction had not repaid the Loan to the Company, and therefore Nanjing Thumb refused to return the Security Deposit. On 22 February 2022, Nanjing Thumb received a civil complaint\* (民事起訴狀) (“**Civil Complaint**”) from Xiongqi, requesting Nanjing Thumb to return the Security Deposit. In order to clarify the background and facts of the Litigation and the Loan Arrangement as soon as possible and to safeguard the best interests of the Group, the Group immediately launched an internal investigation after receiving the Civil Complaint. However, as the Former Key Management involved in the Litigation and Loan Arrangement has all left the Company before July 2021, and some of the original documents related to the Litigation and Loan Arrangement can not be located, Nanjing Thumb received unfavourable results in the Litigation.

Based on the preliminary results of the internal investigation conducted by the Group, Ms. Xu Ling, the current shareholder and legal representative of Xiongqi, and Mr. Xie Xiongqi, the former shareholder and legal representative of Xiongqi, have other business dealings with the Former Key Management outside the Group. Therefore, the Group is investigating whether the Former Key Management acted to the detriment of the interests of the Group. Meanwhile, in order to safeguard the best interests of the Group, Nanjing Thumb will appeal to the Court in respect of the Litigation in accordance with the relevant law.

As the final judgment result of the Litigation is still uncertain, the Company hereby makes this voluntary announcement to remind the shareholders and potential investors of the Company to pay attention to the related risks. The Company will also make further announcements in due course to notify shareholders and potential investors of the Company of any significant update of the Litigation.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Shanghai Zendai Property Limited**  
**Mr. Huang Yuhui**  
*Chairman*

Hong Kong, 1 April 2022

*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. Chen Shuang, Mr. Cao Hailiang, Dr. Lin Xinzhu and Mr. Wang Yuzhou.*

\* *For identification purpose only*