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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)**

- (A) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
IN RELATION TO DISPOSAL OF EQUITY INTEREST IN  
MYWAY DEVELOPMENTS LIMITED;**
- (B) MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO  
PROVISION OF FINANCIAL ASSISTANCE;**
- AND**
- (C) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
THE FRAMEWORK AGREEMENT**

### **THE AGREEMENT**

The Company is pleased to announce that on 7 June 2022, the Company, the Purchaser and the Disposal Target entered into the Agreement, pursuant to which, among other things, the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares at the Consideration of RMB225.0 million (equivalent to approximately HK\$265.5 million) in cash. The Sale Shares represent the entire issued share capital of the Disposal Target, and the Disposal Group is principally engaged in property development and investment in Haimen and Nanjing, Jiangsu Province, the PRC.

### **PROVISION OF FINANCIAL ASSISTANCE**

As at the date of the Agreement, there are Inter-company Balances owed by the Disposal Group to the Remaining Group and guarantees provided by the Remaining Group in respect of borrowings of the Disposal Group. It is expected that such Inter-company Balances will not be fully settled and the Remaining Group Guarantees will not be released prior to Completion. Accordingly, the Inter-company Balances owed by the Disposal Group to the Remaining Group after Completion will constitute provision of financial assistance by the Remaining Group to the Disposal Group. The Remaining Group Guarantees will also constitute provision of financial assistance by the Remaining Group to the Disposal Group after Completion.

### **THE FRAMEWORK AGREEMENT**

On 7 June 2022, the Company and the Purchaser also entered into the Framework Agreement in relation to the provision of property construction and management services by the Remaining Group to the Disposal Group after Completion and up to 31 December 2024.

## **LISTING RULES IMPLICATIONS**

As at the date of the Agreement, Smart Success Capital Ltd., a company indirectly controlled by COAMI, held 2,703,248,481 issued Shares (representing approximately 18.17% of the issued share capital of the Company) and is a substantial Shareholder. The Purchaser is a wholly-owned subsidiary of COAMI. By virtue of COAMI's controlling interests in both Smart Success Capital Ltd. and the Purchaser, the Purchaser is therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal also constitutes a very substantial disposal of the Company.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the aggregate amount of the Inter-company Balances and the Remaining Group Guarantees exceeds 25%, the Inter-company Balances and the Remaining Group Guarantees together constitute a major transaction of the Company. As the Disposal Target will become a subsidiary of the Purchaser, the aforesaid provision of financial assistance constitutes a connected transaction of the Company and the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Accordingly, the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) are subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## **GENERAL**

The SGM will be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance). Smart Success Capital Ltd. and its associates are required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) at the SGM. Save for the above, none of the other Shareholders has a material interest in the Agreement and the transactions contemplated thereunder and therefore no other Shareholder will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) at the SGM.

The Independent Board Committee comprising Dr. Guan Huanfei, Mr. Wang Yuzhou, Mr. Chen Shuang, Mr. Cao Hailiang and Dr. Lin Xinzhu, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance). Crescendo Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Agreement; (ii) details of the Framework Agreement; (iii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance); (iv) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance); (v) the financial information of the Group and the Disposal Group; (vi) the valuation report on the Properties; (vii) a notice convening the SGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 June 2022.

## A. THE AGREEMENT

The Company is pleased to announce that after the Stock Exchange trading hours on 7 June 2022, the Company, the Purchaser and the Disposal Target entered into the Agreement, pursuant to which, among other things, the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares (which represent the entire issued share capital of the Disposal Target) at the Consideration of RMB225 million (equivalent to approximately HK\$265.5 million) in cash. The principal terms of the Agreement are set out below.

### Date

7 June 2022

### Parties

- (i) The Company;
- (ii) the Purchaser; and
- (iii) the Disposal Target.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a wholly-owned subsidiary of COAMI, which is an indirect wholly-owned subsidiary of COAMC, a state-owned financial and asset management group. The Purchaser is principally engaged in special situation investments and asset management.

### Assets to be sold

The Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares free from all encumbrances (except for the existing charges on the Sale Shares in favour of the COAMI Group) and with all rights attaching thereto as at Completion. The Sale Shares represent the entire issued share capital of the Disposal Target. The principal business activities of the Disposal Group are the development of and investment in the Haimen Property and the Nanjing Property. Please refer to the section headed "Information on the Disposal Group" below for further details.

### Consideration

The Consideration for the Sale Shares amounts to RMB225.0 million (equivalent to approximately HK\$265.5 million) and shall be payable by the Purchaser to the Company in cash in the following manner:

- (i) as to RMB202.5 million (equivalent to approximately HK\$239.0 million and representing 90% of the Consideration) payable at Completion; and
- (ii) as to the balance of RMB22.5 million (equivalent to approximately HK\$26.5 million and representing 10% of the Consideration) (the "**Balance Payment**") payable on the date falling on the ninth months after the date of Completion, subject to the fulfillment of the following conditions:
  - (a) the Company having fulfilled all of its obligations under the Agreement;

- (b) there being no substantive losses incurred by the Purchaser as a result of untrue, inaccurate, incomplete or misleading representations or warranties given by the Company during the period from the date of the Agreement up to the payment date of the Balance Payment;
- (c) there being no substantive losses incurred by the Purchaser as a result of undisclosed liabilities (including contingent liabilities), guarantees, warranties, encumbrances on assets and litigations of the Disposal Group during the period from the date of the Agreement up to the payment date of the Balance Payment; and
- (d) there being no substantive losses incurred by the Purchaser as a result of breach of terms of the Agreement or other acts by the Company during the period from the date of the Agreement up to the payment date of the Balance Payment.

In the event that the Purchaser has incurred substantive losses as a result of non-fulfilment of the above conditions, the Purchaser and the Company shall first agree on the loss amount incurred by the Purchaser prior to the payment date of the Balance Payment, and the Balance Payment (after deducting the agreed loss amount) shall be payable by the Purchaser to the Company on the payment date of the Balance Payment. If the parties fail to agree on the aforesaid loss amount prior to the payment date of the Balance Payment, the Purchaser shall pay the Balance Payment (after deducting the loss amount it considers reasonable) to the Company on the payment date of the Balance Payment and the Company shall have the legal right to claim the disputed amount against the Purchaser.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the unaudited combined net liabilities of the Disposal Group attributable to owners of the Disposal Target as at 31 December 2021 of approximately HK\$4,423.6 million (equivalent to approximately RMB3,616.7 million converted at the then exchange rate of RMB1 = HK\$1.223); and (ii) the preliminary valuation of the Properties as at 30 April 2022 of RMB10,230.6 million indicated by Jia Ce (Hong Kong) Surveyors Limited and Graval Consulting Limited, independent professional valuers, using income approach and market approach. The valuation represented a surplus of approximately RMB4,256.7 million over the corresponding carrying value of the Properties as at 31 December 2021. If the effective percentage holding of the Disposal Target in the Properties is taken into account, the valuation surplus of the Properties attributable to the Disposal Target amounted to approximately RMB3,842.4 million. The unaudited combined net liabilities of the Disposal Group attributable to the owners of the Disposal Target as at 31 December 2021, as adjusted by the aforesaid valuation surplus of the Properties attributable to the Disposal Target, would become an adjusted unaudited net assets of approximately RMB225.7 million. The Consideration represents a slight discount of 0.3% to the adjusted unaudited net assets and the Board considers it fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## Conditions

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following Conditions:

- (i) the Company having obtained all the necessary consents and authorisations (including but not limited to the approvals of the Board and the Shareholders) for the transactions contemplated under the Agreement, and such consents and authorisations remaining valid at Completion;
- (ii) the Company having obtained all the necessary authorisations, approvals, waivers or consents from and completed all necessary registrations, confirmations or filings with relevant government or regulatory authority(ies) or any third parties in respect of the transactions contemplated under the Agreement, and such authorisations, approvals, waivers, consents, registrations, confirmations or filings remaining valid as at Completion;
- (iii) there being no laws existing as at Completion which restrain Completion or make Completion or any relevant transaction documents illegal;
- (iv) in the reasonable opinion of the Purchaser, there being no events, facts, conditions, changes or otherwise as at Completion which may result in material adverse change to the assets, financial structure, liabilities, technical knowhow, profitability and legality of operations of the Disposal Group;
- (v) the representations and warranties given by the Company in the Agreement remaining true, accurate, complete and not misleading and there being no breach of such representations and warranties as at Completion;
- (vi) the Company having complied with its pre-Completion obligations in accordance with the agreements, obligations and conditions stipulated in the Agreement and other transaction documents contemplated thereunder;
- (vii) the Purchaser having completed its due diligence review on the Disposal Group, the results of which not having indicated that any representations and warranties given by the Company under the Agreement is/are incorrect, inaccurate, incomplete or misleading;
- (viii) the Framework Agreement having been executed by the Company and the Purchaser;
- (ix) Haimen Zendai having amended its articles of association to reflect certain corporate governance matters agreed between the Company and the Purchaser, including (i) establishing shareholders' meeting as the highest authority of Haimen Zendai and the offices of an executive director and a supervisor; (ii) resolutions that require unanimous approval of the shareholders; (iii) resolutions that require approval of majority vote of shareholders; (iv) nomination right of controlling shareholder in respect of executive director and legal representative; and (v) nomination right of minority shareholder in respect of supervisor and general manager;
- (x) the Purchaser having obtained all internal approvals and authorisations for the transactions contemplated under the Agreement, and such consents and authorisations remaining valid at Completion; and

- (xi) the Purchaser having obtained all the necessary authorisations, approvals, waivers or consents from and completed all necessary registrations, confirmations or filings with relevant government or regulatory authority(ies) or any third parties in respect of the transactions contemplated under the Agreement, and such authorisations, approvals, waivers, consents, registrations, confirmations or filings remaining valid as at Completion.

The parties to the Agreement shall use their best endeavours to procure satisfaction of the Conditions on or before 31 December 2022. Conditions (iv) to (ix) above may be waived by the Purchaser while the other Conditions are not capable of being waived. Condition (viii) had been fulfilled as the Framework Agreement was entered into on the same date as the Agreement.

If any of the Conditions is not satisfied or waived (as the case may be) on or before 31 December 2022, the Company and the Purchaser may agree to extend such date in writing, failing which either party may terminate the Agreement and upon which the rights and obligations of the parties to the Agreement shall cease immediately save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place on the 10th Business Day after the satisfaction or waiver (as the case may be) of all the Conditions set out above or such other date as agreed by the Company and the Purchaser in writing.

Upon Completion, the Remaining Group shall continue to hold a 9.09% equity interest in Haimen Zendai and a 10% equity interest in Nanjing Thumb, both through Zendai Real Estate, and such interests will be accounted for as financial assets at fair value through other comprehensive income in the consolidated financial statements of the Group. Members of the Disposal Group shall cease to be subsidiaries of the Company.

### **Inter-company Balances and guarantees**

There are Inter-company Balances between members of the Disposal Group and members of the Remaining Group. As at 31 March 2022, the total amount of the Inter-company Balances owed by the Disposal Group to the Remaining Group amounted to approximately RMB1,749.0 million (equivalent to approximately HK\$2,063.8 million), while the total amount owed by the Remaining Group to the Disposal Group amounted to approximately RMB1,204.8 million (equivalent to approximately HK\$1,421.7 million). Accordingly, the net amount of the Inter-company Balances owed by the Disposal Group to the Remaining Group amounted to approximately RMB544.2 million (equivalent to approximately HK\$642.2 million).

The Inter-company Balances will not be settled upon Completion as the Purchaser is only willing to acquire the Sale Shares but not the shareholder's loan (ie. the net amount of the Inter-company Balances). Having considered the liquidity needs of the Remaining Group (as further elaborated in the section headed "Reasons for and benefits of the Disposal" below) and to facilitate the Disposal, the Board considers that it is acceptable to retain the Inter-company Balances.

Prior to Completion, the Disposal Group and the Remaining Group shall enter into agreements to set out the terms of the outstanding Inter-company Balances owed to each other. The outstanding Inter-company Balances shall bear interest payable quarterly with effect from the date of Completion at the rate of 11.9% per annum and shall be repayable in full on or before 31 December 2024. The interest rate was determined with reference to the weighted average of the interest rates currently charged by the COAMI Group on the outstanding loans owed by the Disposal Group. In the event that the Inter-company Balances owed by the Disposal Group and the Remaining Group have not been repaid in full as at 31 December 2024, the Remaining Group shall have the right to extend the maturity dates of the Inter-company Balances owed by the Disposal Group and the Remaining Group by not more than three years. In the event that the Company decides to extend the maturity date of the Inter-company Balances owed by the Disposal Group to the Remaining Group, the Company will re-comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules.

As at 31 March 2022, the Remaining Group has provided guarantees in respect of certain borrowings of the Disposal Group in the aggregate amount (principal and interest) of approximately RMB1,119.2 million (equivalent to approximately HK\$1,302.7 million) (the “**Remaining Group Guarantees**”), whereas the Disposal Group has provided guarantees in respect of certain borrowings of the Remaining Group in the aggregate amount (principal and interest) of approximately RMB789.9 million (equivalent to approximately HK\$932.1 million) (the “**Disposal Group Guarantees**”). The Remaining Group Guarantees and the Disposal Group Guarantees have been provided by the Remaining Group and the Disposal Group in favour of third party financial institutions as security for certain existing borrowings of the Disposal Group and the Remaining Group, and cannot be released prior to Completion as certain borrowings have been in default and it would be difficult to negotiate with the relevant lenders for release of such guarantees within a short period of time.

The Company and the Purchaser shall use their best endeavours to procure the release of the aforesaid guarantees following Completion. Prior to the release of such guarantees, the party being guaranteed shall pay annual fee to the guarantor equivalent to 1% of the guaranteed amount. The rate of guarantee fee was determined after considering the Purchaser being a state-owned enterprise and with reference to the rates charged by companies listed on the Stock Exchange to their connected persons for guarantees ranging from 0% to 1.25% as noted from publicly available information. In addition, prior to the release of the Remaining Group Guarantees and full repayment of the Inter-company Balances owed by the Disposal Group to the Remaining Group (whichever is the later), the Disposal Group shall not demand repayment of the Inter-company Balances owed by the Remaining Group to the Disposal Group.

In the event that the Remaining Group has performed any payment obligations under the Remaining Group Guarantees or the Disposal Group has performed any payment obligations under the Disposal Group Guarantees, the excess of the amounts paid by the Remaining Group over the amounts paid by the Disposal Group shall be deducted from the Inter-company Balances owed by the Remaining Group to the Disposal Group. If the Inter-company Balances are not sufficient to cover the excess, Haimen Zendai shall provide counter-indemnity in respect of the shortfall amount.

Unless prior written consent of the Company has been obtained, in the event that the Purchaser disposes of all or part of its (direct or indirect) equity interest in the Disposal Group to any party other than the Remaining Group such that the Purchaser no longer has control over the Disposal Group, the Purchaser shall procure the Disposal Group to (i) fully settle the Inter-company Balances owed to the Remaining Group before entering into the relevant share transfer agreement, otherwise the Remaining Group shall have the right to demand immediate repayment of the Inter-company Balances owed by the Disposal Group to the Remaining Group; and (ii) take necessary actions to procure the release of the Remaining Group Guarantees before entering into the relevant share transfer agreement, otherwise Haimen Zendai shall provide guarantee in respect of the Inter-company Balances owed by the Disposal Group to the Remaining Group and provide counter-indemnity to the Remaining Group in respect of the Remaining Group Guarantees.

The Board has assessed the credit risk involved in the aforesaid arrangements for the Inter-company Balances and the Remaining Group Guarantees and considers them acceptable based on the following reasons:

- (i) the undeveloped land parcels of the Haimen Property (the “**Haimen Project**”) are planned to be developed into a comprehensive residential development with ancillary accommodations with a total gross floor area of approximately 1.4 million sq. m. but the construction works have yet to commence due to lack of working capital. With the Purchaser becoming the controlling shareholder of the Disposal Group and its state-owned background and financial strength, the Company expects the Purchaser would be in a better position than the Group to procure the required capital and financing for the Disposal Group to kick off the development works such that cashflows can be generated from the sale of the properties of the Haimen Project for settlement of the Inter-company Balances. As Haimen Zendai does not have any borrowings other than the Inter-company Balances owed to the Remaining Group, sales proceeds of the Haimen Project are expected to be sufficient to cover the development costs and settle the Inter-company Balances owed by the Disposal Group to the Remaining Group;
- (ii) it is expected that the Remaining Group will enter into individual project development management agreement with the Disposal Group under the Framework Agreement (as discussed below) to act as the project manager of the Haimen Project. As the project manager, the Remaining Group shall have the right to formulate the business plan of the Haimen Project, including but not limited to development and sale schedule, cost control and settlement of liabilities, which shall not be objected by the Purchaser without reasonable grounds. This would enable the Remaining Group to have an ongoing monitoring and understanding of the financial position and liquidity of the Haimen Project;
- (iii) the Remaining Group will continue to hold a 9.09% interest in Haimen Zendai after Completion. As a condition precedent to Completion, the articles of association of Haimen Zendai will be amended to incorporate certain provisions to protect the interest of Zendai Real Estate as a minority shareholder, particularly Zendai Real Estate shall have the veto right in approving matters which need unanimous consent from both shareholders, such as disposal of or creation of charges and mortgages on material assets, and engagement of project managers etc.; and

- (iv) there are provisions in the Agreement to mitigate the credit risk of the Inter-company Balances and the Remaining Group Guarantees as mentioned above, such as the Inter-company Balances owed by the Remaining Group to the Disposal Group will not be repaid unless the Inter-company Balances owed by the Disposal Group to the Remaining Group have been fully repaid and the Remaining Group Guarantees have been released, and any excess payments made under the Remaining Group Guarantees shall be deducted from the Inter-company Balances owed by the Remaining Group to the Disposal Group.

## **B. THE FRAMEWORK AGREEMENT**

After the Stock Exchange trading hours on 7 June 2022, the Company and the Purchaser also entered into the Framework Agreement in relation to the provision of property construction and management services by the Remaining Group to the Disposal Group after Completion. The principal terms of the Framework Agreement are set out below.

### **Date**

7 June 2022

### **Parties**

- (i) The Company; and
- (ii) the Purchaser.

### **Subject matter**

After Completion, the Purchaser shall appoint the Remaining Group to provide services for the development, construction and operation of property development projects, and the operation and management of completed commercial property projects (including those existing projects and new projects) held by the Disposal Group. Separate project agreements will be entered into between the Remaining Group and the Disposal Group to set out the specific terms for each property projects being managed in accordance with the principles and broad terms agreed in the Framework Agreement.

### **Effective date and duration**

The Framework Agreement will become effective from the date of Completion and will be valid until 31 December 2024, and shall be renewable upon its expiry subject to the Company complying with the applicable Listing Rules requirements in due course.

### **Scope of services**

The scope of services to be provided by the Remaining Group to the Disposal Group includes, among other things, the management of financial affairs, planning and design, procurement, construction, sales and marketing, completion and delivery, customer services and maintenance, human resources, administration and operation of commercial investment property.

**Service fees**

For property development projects, the service fees to be charged by the Group shall be 3% of the proceeds from the sale of units of the relevant project, plus an additional 2% as incentive subject to performance appraisal such as achievement of sales target. The service fees shall be settled on a quarterly basis.

For commercial investment properties, the service fees to be charged by the Group shall be 10% of the total operating income generated from the relevant project and shall be settled on a quarterly basis.

The service fees as described above were negotiated on an arm’s length basis and determined with reference to market rates.

**Termination**

In the event that the Company has triggered certain events of default under the Framework Agreement and failed to rectify to the satisfaction of the Purchaser within the remedial period, the Purchaser is entitled to terminate the Framework Agreement.

In the event that the Purchaser disposes of all or part of its (direct or indirect) equity interest in the Disposal Group to any party other than the Remaining Group such that the Purchaser no longer has control over the Disposal Group, the Purchaser shall disclose the Framework Agreement and the relevant management agreements to the new purchaser prior to the share transfer transaction and request the new purchaser to take up the rights and obligations under the Framework Agreement and the relevant management agreements.

If the Framework Agreement or the relevant management agreements are terminated not as a result of default by the Company, the Company shall have the right to demand immediate repayment of the Inter-company Balances owed by the Disposal Group to the Remaining Group.

**Annual caps**

The maximum amount of fees receivable by the Remaining Group under the Framework Agreement shall not exceed the annual caps set out below:

|  |                      |
|--|----------------------|
| <i>For the financial year ending 31 December</i> | <i>HK\$’ million</i> |
| 2022   | 6                    |
| 2023   | 200                  |
| 2024   | 230                  |

The annual caps have been determined after having considered the following factors: (i) the development status and sales plan of the property development projects currently being undertaken by the Disposal Group; (ii) the historical and estimated operating income of the completed commercial property projects; (iii) the rates of fees as described above in the Framework Agreement; and (iv) a buffer of 10% to allow for flexibility.

## C. INFORMATION ON THE DISPOSAL GROUP

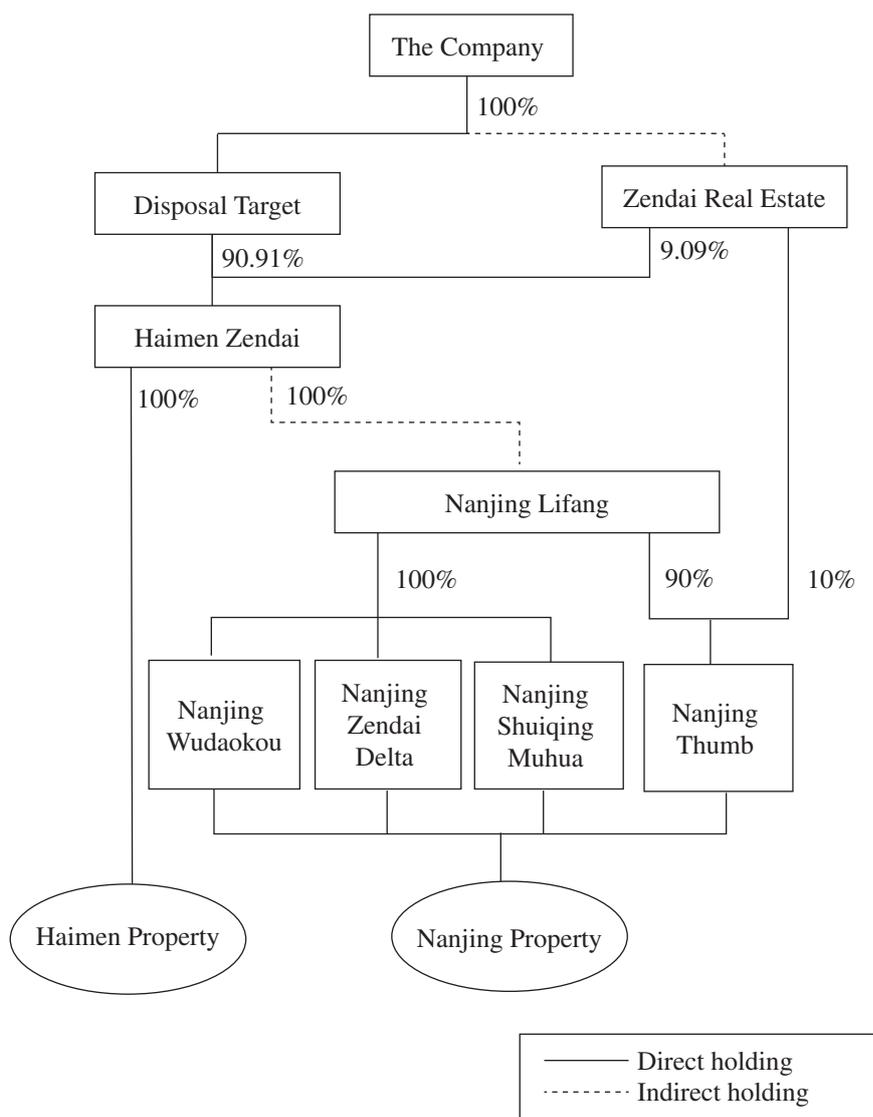
### Group structure

The Disposal Target is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement.

The Disposal Target holds an approximately 90.91% equity interest in Haimen Zendai. The remaining 9.09% equity interest of Haimen Zendai is held by Zendai Real Estate, an indirect wholly-owned subsidiary of the Company. The principal business activity of Haimen Zendai is the development of the Haimen Property.

Haimen Zendai also indirectly holds the entire equity interest in Nanjing Lifang, which in turn holds the entire equity interests in Nanjing Wudaokou, Nanjing Zendai Delta and Nanjing Shuiqing Muhua, and a 90% equity interest in Nanjing Thumb. The remaining 10% equity interest in Nanjing Thumb is held by Zendai Real Estate. The principal business activities of Nanjing Lifang and its subsidiaries are the development and holding of the Nanjing Property.

Set out below is the simplified shareholding chart of the Disposal Group as at the date of this announcement:



## **The Haimen Property**

The Haimen Property comprises a commercial complex (the “**Haimen Commercial Complex**”), unsold residential units (the “**Haimen Residential Units**”) and certain land parcels (the “**Haimen Land Parcels**”) located in Haimen District, Nantong City, Jiangsu Province, the PRC.

### *The Haimen Commercial Complex (90.91% effective interest)*

The commercial complex comprises a shopping arcade, two clubhouses, a commercial podium and a hotel of a commercial/residential composite development completed between 2009 to 2021. The property has a total gross floor area of approximately 43,170 sq. m. (exclusive of basement of approximately 10,956 sq. m.) which is held for investment but is currently vacant.

### *The Haimen Residential Units (90.91% effective interest)*

The unsold residential units comprise 21 residential units of a commercial/residential composite development completed in between 2009 to 2021 with a total gross floor area of approximately 3,808 sq. m. (exclusive of basement of approximately 396 sq. m.) which are held for sale.

### *The Haimen Land Parcels (90.91% effective interest)*

The land parcels are clear sites with a total site area of approximately 753,515 sq. m. and are proposed to be developed into a comprehensive residential development with ancillary accommodations with a total gross floor area of approximately 1,055,729 sq. m. (exclusive of basement of approximately 337,938 sq. m.).

## **The Nanjing Property**

The Nanjing Property comprises commercial properties at Nanjing Hima Centre, Nanjing Fengyunfu and Nanjing Yueshangju, and construction sites (the “**Nanjing Construction Sites**”) located in Gulou District and Yuhuatai District in Nanjing City, Jiangsu Province, the PRC.

### *Nanjing Hima Centre (81.82% effective interest)*

Nanjing Hima Centre comprises thirteen blocks of 16 to 27-storey commercial buildings (exclusive of a 3-storey basement), which was completed between 2017 and 2020. The property comprises two adjoining commercial podiums with a total gross floor area of approximately 81,418 sq. m. (inclusive of basement of approximately 19,687 sq. m.) which are held for investment. Portion of the property with total gross floor area of 44,383 sq. m. is tenant-occupied for retail and ancillary uses at a total monthly rental of approximately RMB35.8 million (equivalent to approximately HK\$42.2 million).

The property also comprises a shop unit, 73 office units, two apartment units and 3,047 car parking spaces with total gross floor area of approximately 9,017 sq. m. (exclusive of car parking spaces) which are held for sale.

*Nanjing Fengyunfu (90.91% effective interest)*

Nanjing Fengyunfu is a four 32-storey commercial buildings (exclusive of a 2-storey basement), which was completed in 2017. The property comprises three office units, two storerooms and 78 basement car parking spaces with a total gross floor area of approximately 279 sq. m. (exclusive of the storeroom of approximately 97 sq. m. and car parking spaces) which are held for sale.

*Nanjing Yueshangju (90.91% effective interest)*

Nanjing Yueshangju is a four 33-storey commercial buildings (exclusive of a 2-storey basement), which was completed in 2020. The property comprises six shop units, nine office units, two storerooms and 260 basement car parking spaces with a total gross floor area of approximately 888 sq. m. (exclusive of the storerooms of approximately 54 sq. m. and car parking spaces) which are held for sale.

*The Nanjing Construction Sites (90.91% effective interest)*

The Nanjing Construction Sites comprise two land parcels with a total site area of approximately 30,800 sq. m. (exclusive of basement with a site area of approximately 17,380 sq. m.) and are proposed to be developed into a commercial development with four blocks of 22 to 33-storey commercial buildings (exclusive of a 3-storey basement) with a total gross floor area of approximately 90,512 sq. m. (exclusive of basement of approximately 40,303 sq. m.). The Nanjing Construction Site is under development and is expected to be completed by the end of 2022.

## **Financial information**

Set out below is the unaudited combined financial information of the Disposal Group for the two years ended 31 December 2020 and 2021 prepared in accordance with the Hong Kong Financial Reporting Standards, on the basis that the existing group structure of the Disposal Group had been in existence throughout the relevant year.

|                      | <b>For the year ended</b> |                      |
|----------------------|---------------------------|----------------------|
|                      | <b>31 December</b>        |                      |
|                      | <b>2020</b>               | <b>2021</b>          |
|                      | <i>HK\$' million</i>      | <i>HK\$' million</i> |
| Revenue              | 4,065.1                   | 299.1                |
| Loss before taxation | 266.9                     | 1,413.6              |
| Loss after taxation  | 589.9                     | 1,376.0              |

Revenue recorded by the Disposal Group were mainly from the sale of properties. The Disposal Group started to generate rental income from Nanjing Hima Centre in 2021. The loss recorded by the Disposal Group in 2020 was mainly due to finance costs while the loss recorded in 2021 was mainly due to finance costs, fair value loss of investment properties and the write-off of all previously incurred construction cost (other than land cost) and capitalised interest expenses incurred for certain properties which have been dismantled for development into another project.

The unaudited combined net liabilities of the Disposal Group as at 31 December 2021 amounted to approximately HK\$4,055.9 million. Total assets (HK\$12,260.1 million) mainly comprised investment properties (HK\$2,064.3 million), properties under development and completed properties held-for-sale (HK\$5,217.0 million) and the Inter-company Balances owed by the Remaining Group (HK\$4,478.6 million). Total liabilities (HK\$16,316.0 million) mainly comprised borrowings (HK\$4,417.2 million), trade and other payables (HK\$3,617.2 million), contract liabilities (HK\$2,122.3 million) and the Inter-company Balances owed to the Remaining Group (HK\$5,284.1 million). If non-controlling interest of approximately HK\$367.7 million is excluded, the unaudited combined net liabilities of the Disposal Group attributable to owners of the Disposal Target as at 31 December 2021 amounted to approximately HK\$4,423.6 million.

#### **D. FINANCIAL EFFECTS OF THE DISPOSAL**

Upon Completion, members of the Disposal Group shall cease to be subsidiaries of the Company. Accordingly, their results, assets and liabilities will no longer be consolidated into the financial statements of the Group.

The Group expects to record a gain as a result of the Disposal (before tax) of approximately HK\$4,654.7 million, which is calculated based on the difference between (i) the Consideration of RMB225.0 million (equivalent to approximately HK\$265.5 million) and (ii) the unaudited combined net liabilities of the Disposal Group as at 31 December 2021 of approximately HK\$4,055.9 million, plus the adjustment for the recognition of the residual 9.09% equity interest in Haimen Zendai and 10% equity interest in Nanjing Thumb as financial assets at fair value through other comprehensive income of approximately HK\$512.2 million, and less the adjustments for the release of the accumulated deficit from exchange reserve of the Disposal Group as a result of the Disposal of approximately HK\$174.6 million and the estimated transaction costs attributable to the Disposal of approximately HK\$4.3 million.

Shareholders should note that the above expected gain as a result of the Disposal is for illustrative purpose only and estimated based on the information currently available. The actual amount of the gain or loss as a result of the Disposal to be recognised in the consolidated financial statements of the Group depends on, among other things, the net asset/liability value of the Disposal Group at Completion and will be subject to final audit.

#### **E. REASONS FOR AND BENEFITS OF THE DISPOSAL**

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

As disclosed in the annual report of the Company for the year ended 31 December 2021, the real estate industry in the PRC had entered into a stage of adjustment since 2021 following the introduction of regulation policies over, among other things, property purchase restrictions, loan restrictions and financing quota control, optimisation of land auction rules and pre-sale fund supervision. Coupled with the repeated outbreak of COVID-19 pandemic restricting flow of people and therefore affecting the commercial leasing market, the overall environment for real estate developers and operators in the PRC including the Group had been difficult.

For the financial year ended 31 December 2021, the Group recorded a significant drop in revenue by approximately 84% as compared to the previous financial year due to reduced sales of properties, and an increase in audited loss of about 80% partly due to heavy finance costs and partly due to significant impairment of properties. The financial position of the Group as at 31 December 2021 had also deteriorated, with audited net liabilities of approximately HK\$1.8 billion (versus an audited net assets of approximately HK\$305 million as at 31 December 2020) and current ratio dropped to 0.47 times (versus current ratio of 0.68 times as at 31 December 2020). In addition, the Group had defaulted in repaying certain of its borrowings amounting to approximately HK\$5,458 million as at 31 December 2021. Such default also triggered cross-defaults of other borrowings in an aggregate amount of approximately HK\$740 million. The auditor of the Company issued a disclaimer of opinion on the financial statements of the Group for the year ended 31 December 2021 due to uncertainties about the Group's ability to continue as a going concern.

In view of the challenging business environment of the real estate sector in the PRC and the worsened financial position of the Group, the Group has been exploring different options to reduce its gearing and improve its liquidity and financial position. To this end, the Group is keen to divest part of its property portfolio to urgently improve liquidity and reduce debts, and at the same time utilise its resources and experience to explore asset-light property businesses such as provision of services for commercial property management and property development.

As at 31 December 2021, the Group's total borrowings amounted to approximately HK\$6,976 million, of which approximately HK\$6,328 million were repayable within one year and approximately HK\$648 million were repayable after one year, and about HK\$4,417 million were incurred by the Disposal Group. The Disposal will remove the Disposal Group's borrowings from the Group and reduce the Remaining Group's overall gearing substantially. In addition, the Company intends to apply the net proceeds from the Disposal, which is estimated to be approximately RMB221.4 million (equivalent to approximately HK\$261.3 million), as to (i) RMB120.0 million (equivalent to approximately HK\$141.6 million) for the repayment of borrowings; and (ii) RMB101.4 million (equivalent to approximately HK\$119.7 million) as general working capital (including payments to suppliers, and for rentals and wages and salaries for employees). The Disposal is expected to enhance the liquidity and financial position of the Group, while the Framework Agreement will enable the Group to secure income from the outgoing property projects by acting as the property development and management agent, which is consistent with the Group's strategy to expand its asset-light property business in the PRC as mentioned above.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice of the independent financial adviser) are of the view that the terms of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **F. BUSINESSES OF THE REMAINING GROUP**

Upon Completion, the Remaining Group will continue to engage in property development and property investment in the PRC. It holds a substantial portfolio of assets which includes Shanghai Zendai Thumb Plaza and Grand Mercure Shanghai Century Park and investment in Shanghai Himalayas Center in Shanghai, and various commercial and residential projects radiating nationwide, with total carrying value of approximately HK\$4,377.0 million as at 31 December 2021. It will also continue to engage in the provision of property management services and hotel operations in the PRC.

## **Properties held for investment and hotel operations**

### *Shanghai Zendai Thumb Plaza (100%-owned)*

Shanghai Zendai Thumb Plaza is the first community complex standard case created by the Group in China in a prime location adjacent to Shanghai's Century Park and the Lujiazui financial district. It has been developed into a platform at the forefront of integration of the individual culture, fine art and trendy commerce and is held by the Remaining Group for investment.

During the year ended 31 December 2021, the average occupancy rate of the commercial space (with a leasable area of 44,960 sq. m.) was around 99%, generating total revenue of approximately HK\$125.8 million.

### *Grand Mercure Shanghai Century Park (100%-owned)*

Grand Mercure Shanghai Century Park is an 18-storey five-star hotel with a floor area of 31,530 sq. m. located in Shanghai Zendai Thumb Plaza. It is held by the Remaining Group for hotel operations and managed under the "Grand Mercure" brand by HUAZHU Hotel Group.

During the year ended 31 December 2021, the occupancy rate of the hotel was 54%, generating total income of approximately HK\$83.0 million from the hotel operator.

### *Qingdao Zendai Thumb Plaza (100%-owned)*

Qingdao Zendai Thumb Plaza is located in the central business district at Haier Road in Qingdao City, Shandong Province, the PRC and is held by the Remaining Group for investment.

During the year ended 31 December 2021, the occupancy rate of the commercial space (with a leasable area of 46,545 sq. m.) was around 84%, generating total revenue of approximately HK\$33.4 million.

### *Himalayas Qingdao Hotel (100%-owned)*

Himalayas Qingdao Hotel is located in Qingdao Zendai Thumb Plaza and has a floor area of 27,673 sq.m.. It is held by the Remaining Group for hotel operations and managed by its own hotel management company under the Remaining Group's "Himalayas" brand.

During the year ended 31 December 2021, the occupancy rate of the hotel was around 70%, generating total revenue of approximately HK\$46.8 million.

### *Yangzhou Commercial Project (100%-owned)*

The Yangzhou project is designed for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, and is held by the Remaining Group for investment.

During the year ended 31 December 2021, the occupancy rate of the commercial space (with a leasable area of 15,974 sq. m.) was around 92%, generating total revenue of approximately HK\$8.1 million.

## **Properties held for sale**

### *Zendai Nantong Yicheng Thumb Plaza (100%-owned)*

Zendai Nantong Yicheng Thumb Plaza occupies a total site area of 281,912 sq. m. and has total gross floor area of approximately 279,076 sq. m. (including car-parking space and ancillary facilities of 77,143 sq. m.). Construction of the project is divided into three phases:

- The first phase named Phase 1 of Old Town consists of commercial area of approximately 38,737 sq. m. and is currently held by the Remaining Group for rental. During the year ended 31 December 2021, the occupancy rate of the commercial space is around 77%, generating total revenue of approximately HK\$8.0 million.
- The second phase is an ancillary residential project with commercial space with total saleable area of approximately 74,528 sq. m. As at 31 December 2021, a total cumulative area of 71,585 sq. m. (representing approximately 96.1% of the saleable area) has been sold. The Remaining Group currently holds an area of 2,943 sq. m. for sale.
- The third phase occupies a total area of approximately 147,688 sq. m. (with an underground area of 53,150 sq. m.), comprising Phase 2 of Old Town with commercial area of 60,979 sq. m. (including an underground area of 21,000 sq. m.) and Old Town, New Port, with a commercial area of approximately 14,967 sq. m. and a residential area of approximately 71,742 sq. m. (including an underground area of 32,150 sq. m.). The Old Town, New Port commenced construction in May 2014 and started pre-sale in September 2016. As at 31 December 2021, a total cumulative area of 40,715 sq. m. has been sold, representing approximately 21.6% of the total saleable area (i.e. 188,688 sq. m.). The Remaining Group holds the remaining saleable area of 147,973 sq. m. for sale.

## **Properties held for future development**

### *Chengmai County Project, Hainan Province (over 50%-owned)*

The Hainan project involves a parcel of land in Chengmai County, Hainan Province with a site area of 1,309,563 sq. m.. It is still at the planning stage.

## **Properties held by an associate**

### *Shanghai Himalayas Center (45%-owned)*

Shanghai Himalayas Center is located in the heart of Pudong, Shanghai, which comprises Jumeirah Himalayas Hotel Shanghai, a shopping mall and other auxiliary facilities (such as contemporary art galleries (the Himalayas Art Museum), multifunctional auditorium (the DaGuan Theatre), business centre and creative office.

During the year ended 31 December 2021, the occupancy rate of the commercial space (with a leasable area of 28,499 sq. m.) was approximately 45%, generating total revenue of approximately HK\$37.5 million to the associate.

### *Jumeirah Himalayas Hotel Shanghai (45%-owned)*

Jumeirah Himalayas Hotel Shanghai is a luxury five-star hotel with a floor area of 60,452 sq.m. managed by the Jumeirah Hotel Group from Dubai, being the Jumeirah Hotel Group's first hotel in Asia Pacific.

During the year ended 31 December 2021, the occupancy rate of the hotel was 46%, generating a total income of approximately HK\$130.7 million from the hotel operator to the associate.

### **Property management services**

In addition to property development and investment, the Remaining Group extended its business presence to ten large and medium-sized cities in the PRC by engaging in asset-light property management business. The projects under management cover a wide range of properties such as high-end business plazas, grade-A office buildings, top-tier villa areas, high-end residences and urban complexes.

During the year ended 31 December 2021, the Remaining Group managed more than 30 projects with a total area of 3,282,706 sq. m. and generated operating revenue of approximately HK\$126.5 million.

## **G. LISTING RULES IMPLICATIONS**

As at the date of the Agreement, Smart Success Capital Ltd., a company indirectly controlled by COAMI, held 2,703,248,481 issued Shares (representing approximately 18.17% of the issued share capital of the Company) and is a substantial Shareholder. The Purchaser is a wholly-owned subsidiary of COAMI. By virtue of COAMI's controlling interests in both Smart Success Capital Ltd. and the Purchaser, the Purchaser is therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal also constitutes a very substantial disposal of the Company.

The Inter-company Balances owed by the Disposal Group to the Remaining Group after Completion will constitute provision of financial assistance by the Remaining Group to the Disposal Group. The Remaining Group Guarantees will also constitute provision of financial assistance by the Remaining Group to the Disposal Group after Completion. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the aggregate amount of the Inter-company Balances and the Remaining Group Guarantees exceeds 25%, the Inter-company Balances and the Remaining Group Guarantees together constitute a major transaction of the Company. As the Disposal Target will become a subsidiary of the Purchaser, the aforesaid provision of financial assistance constitutes a connected transaction of the Company and the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

Accordingly, the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) are subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

## H. GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance). Smart Success Capital Ltd. and its associates are required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) at the SGM. Save for the above, none of the other Shareholders has a material interest in the Agreement and the transactions contemplated thereunder and therefore no other Shareholder will be required to abstain from voting on the resolution(s) in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) at the SGM.

The Independent Board Committee comprising Dr. Guan Huanfei, Mr. Wang Yuzhou, Mr. Chen Shuang, Mr. Cao Hailiang and Dr. Lin Xinzhu, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance). Crescendo Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Agreement; (ii) details of the Framework Agreement; (iii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance); (iv) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance); (v) the financial information of the Group and the Disposal Group; (vi) the valuation report on the Properties; (vii) a notice convening the SGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 June 2022.

**As the Disposal is subject to the fulfilment or waiver of the Conditions, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## I. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used:

|                   |   |
|-------------------|---|
| “Agreement”       | the conditional sale and purchase agreement dated 7 June 2022 entered into among the Company, the Purchaser and the Disposal Target in relation to the Disposal   |
| “associates”      | has the meaning ascribed to it under the Listing Rules  |
| “Board”           | the board of Directors  |
| “Business Day(s)” | a day(s) (excluding Saturday, Sunday, public holiday and any day on which typhoon signal No. 8 or above or a black rainstorm signal is hoisted during 9 a.m. to 5 p.m.) on which banks are generally open in Hong Kong to the general public for business |

|                       |  |
|-----------------------|--|
| “COAMC”               | China Orient Asset Management Co., Ltd., a company established in the PRC with limited liability   |
| “COAMI”               | China Orient Asset Management (International) Holding Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COAMC   |
| “COAMI Group”         | COAMI and its subsidiaries   |
| “Company”             | Shanghai Zendai Property Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 755)  |
| “Completion”          | completion of the Disposal in accordance with the terms and conditions of the Agreement  |
| “Condition(s)”        | condition(s) precedent to Completion pursuant to the Agreement, as described in the paragraph headed “Conditions” under the section headed “The Agreement” in this announcement  |
| “Consideration”       | the aggregate consideration payable by the Purchaser to the Company for the Sale Shares pursuant to the Agreement  |
| “Director(s)”         | the director(s) of the Company   |
| “Disposal”            | the proposed disposal of the Sale Shares to the Purchaser by the Company as contemplated under the Agreement   |
| “Disposal Group”      | the Disposal Target and its subsidiaries   |
| “Disposal Target”     | Myway Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company as at the date of the Agreement  |
| “Framework Agreement” | the framework agreement dated 7 June 2022 entered into between the Company and the Purchaser in relation to the appointment of the Remaining Group to provide services for the development, operation and management of the property projects of the Disposal Group after Completion |
| “Group”               | the Company and its subsidiaries   |
| “Haimen Property”     | the integrated property project comprising commercial and residential space held by the Disposal Group in Haimen City, Jiangsu Province, the PRC   |
| “Haimen Zendai”       | 海門証大濱江置業有限公司 (Haimen Zendai Binjiang Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of the Agreement   |

|                               |   |
|-------------------------------|---|
| “Hong Kong”                   | the Hong Kong Special Administrative Region   |
| “Independent Board Committee” | an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) |
| “Independent Shareholders”    | Shareholders other than Smart Success Capital Ltd. and its associates   |
| “Inter-company Balances”      | the inter-company balances owed by the Disposal Group to the Remaining Group and vice versa   |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Nanjing Lifang”              | 南京立方置業有限公司 (Nanjing Lifang Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Haimen Zendai as at the date of the Agreement  |
| “Nanjing Property”            | the integrated property project comprising commercial and residential space held by the Disposal Group in Nanjing City, Jiangsu Province, the PRC   |
| “Nanjing Shuiqingmuhua”       | 南京水清木華置業有限公司 (Nanjing Shuiqingmuhua Real Estate Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Nanjing Lifang as at the date of the Agreement  |
| “Nanjing Thumb”               | 南京証大大拇指商業發展有限公司 (Nanjing Thumb Commercial Development Co., Ltd.*), a company established in the PRC with limited liability and a 90%-owned subsidiary of Nanjing Lifang as at the date of the Agreement   |
| “Nanjing Wudaokou”            | 南京五道口置業有限公司 (Nanjing Wudaokou Real Estate Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Nanjing Lifang as at the date of the Agreement  |
| “Nanjing Zendai Delta”        | 南京証大三角洲置業有限公司 (Nanjing Zendai Delta Land Real Estate Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Nanjing Lifang as at the date of the Agreement   |
| “PRC”                         | The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan  |
| “Properties”                  | collectively, the Haimen Property and the Nanjing Property  |

|                      |   |
|----------------------|---|
| “Purchaser”          | Power Rider Enterprises Corp., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of COAMI   |
| “Remaining Group”    | the Group, excluding the Disposal Group, following Completion   |
| “Sale Shares”        | two issued ordinary shares of the Disposal Target, representing the entire issued share capital of the Disposal Target as at the date of the Agreement and at Completion  |
| “SGM”                | the special general meeting to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder (including the Framework Agreement and the provision of financial assistance) |
| “Share(s)”           | ordinary share(s) of HK\$0.02 each in the share capital of the Company  |
| “Shareholder(s)”     | the holder(s) of the issued Share(s)  |
| “Stock Exchange”     | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”    | has the meaning as ascribed to it under the Listing Rules   |
| “Zendai Real Estate” | 上海証大置業有限公司 (Shanghai Zendai Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “HK\$”               | Hong Kong dollar, the lawful currency of Hong Kong  |
| “RMB”                | Renminbi, the lawful currency of the PRC  |
| “sq. m.”             | square metre(s)   |
| “%”                  | per cent  |

*In this announcement, unless otherwise specified, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.18. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at other rates or at all.*

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

Hong Kong, 7 June 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