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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)**

#### INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Shanghai Zendai Property Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).

The Board of Directors of the Company (the “**Board**”) has recently received and has recently been informed of an enforcement order (the “**Order**”) issued by the Intermediate People’s Court of Lanzhou, Gansu Province, People’s Republic of China\* (the “**PRC**”) (中華人民共和國甘肅省蘭州市中級人民法院) (the “**Lanzhou Court**”) against Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司), Nanjing Lifang Real Estate Co., Ltd.\* (南京立方置業有限公司), Shanghai Zendai Real Estate Co., Ltd.\* (上海証大置業有限公司) and Mei Yi International Ltd. (collectively the “**Defendants**”). All of the Defendants are indirect wholly owned subsidiaries of the Company.

The Order arose from an event of default (the “**Event of Default**”) in relation to the inability of the Group to repay a financial institution (the “**Financial Institution**”). Details of which have been set out in the paragraph headed “Going concern basis” under the section headed “Notes to the Consolidated Financial Statements” in the 2020 annual report of the Company dated 30 April 2021. As a result of the Event of Default and pursuant to a summons dated 4 November 2020, the Financial Institution claimed for repayment of the principal, prepayment for investment gains and liquidated damages amounting to a total sum of approximately RMB620 million from Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司) and Nanjing Lifang Real Estate Co., Ltd.\* (南京立方置業有限公司) (the “**Claim**”).

Subsequently, the parties reached a settlement on the Claim through a statement of civil mediation issued by the Lanzhou Court on 16 December 2021 (the “**Statement of Civil Mediation**”). Pursuant to the Statement of Civil Mediation, Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司) and Nanjing Lifang Real Estate Co., Ltd.\* (南京立方置業有限公司) were required to repay the Financial Institution the loan principal of approximately RMB601 million and the liquidated damages of approximately RMB106 million (such liquidated damages after 31 October 2021 shall be calculated at a daily interest rate of 0.05% until the actual payment date) (collectively the “**Outstanding Sum**”) by installments.

However, due to the serious impact of COVID-19 pandemic in Shanghai, the Group was unable to repay the Outstanding Sum in accordance with the Statement of Civil Mediation. Though the Group had applied for a deferred repayment of the Outstanding Sum, the application had not been accepted by the Financial Institution. Thereafter, the management of the Group continued to actively negotiate with the Financial Institution but no agreement could be reached.

As a result of the foregoing, the Financial Institution obtained the Order from the Lanzhou Court. According to the Order:

- (i) the bank deposit of Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司) and Nanjing Lifang Real Estate Co., Ltd.\* (南京立方置業有限公司) amounting to approximately RMB711 million shall be frozen (凍結) and allocated (劃撥) to settle the Outstanding Sum;
- (ii) the Financial Institution shall have right of priority to claim for proceeds from any discounted disposal or auction or sale of pledged properties by Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司);
- (iii) the Financial Institution shall have right of priority to claim for to the proceeds from 60% equity interest of Hainan Huayi Real Estate Co., Ltd.\* (海南華意置業有限公司) pledged by Mei Yi International Ltd. within the guarantee scope;
- (iv) Shanghai Zendai Real Estate Co., Ltd.\* (上海証大置業有限公司) shall be jointly and severally liable for the Outstanding Sum;
- (v) the Lanzhou Court shall be entitled to seal, seize, auction, sell the equivalent assets of the Defendants, if the bank deposit of Qingdao Zendai Thumb Commercial Development Co., Ltd.\* (青島証大大拇指商業發展有限公司) and Nanjing Lifang Real Estate Co., Ltd.\* (南京立方置業有限公司) as stated in the above item (i) is insufficient to settle the Outstanding Sum.

In view of the serious impact of COVID-19 pandemic in Shanghai to the current financial position of the Group, the Group may not be able to repay the Outstanding Sum in accordance with the Order. The Group will continue to negotiate with the Financial Institution in order to reach a settlement over the Outstanding Sum. The Company is continuously assessing the legal, financial and operational impact of the Order on the Group. The Board will closely monitor the development of the abovementioned matter and will make further announcement in accordance with the requirements of the Listing Rules to notify shareholders and potential investors of the Company of any significant update of the Order.

**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, 21 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