

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



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN THE DISPOSAL
TARGETS AND ASSIGNMENT OF THE DEBTS;
AND
(2) PROPOSED CHANGE OF COMPANY NAME**

THE AGREEMENT

After trading hours of the Stock Exchange on 26 July 2024, the Company, the Purchaser and the Disposal Targets entered into the Agreement, pursuant to which (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares; and (ii) the Company has also conditionally agreed to assign the Debts to the Purchaser, at the total Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million), payable by the Purchaser in cash upon Completion.

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 main purpose of the Disposal is to restructure the non-performing and distressed assets of the Group and improve its financial position. These assets of the Disposal Group are principally the Properties which (i) have not been profit-generating in the past few years due to the difficult business environment for PRC real estate developers and operators; (ii) are overleveraged, because their development was funded through substantial debt financing but the cash flow generated could no longer service their debts; and (iii) a large part of the Properties are mortgaged for the Borrowings and some of which are subject to seizure order by the court due to the Disposal Group having defaulted on certain of the Borrowings. Furthermore, the Disposal Group had unaudited combined net liabilities attributable to owners of equity of approximately HK\$1,039.0 million as at 31 May 2024, amongst which, the Borrowings, together with the accrued interests payable thereof, amounted to approximately HK\$1,884.9 million. Following Completion, the Group will have disposed of the non-performing and distressed assets together with the associated Borrowings. As a result, the interest-bearing borrowings of the Remaining Group will be substantially reduced to around HK\$218.5 million only and not secured by any of the Remaining Group's assets. It is expected that the liquidity and financial position of the Remaining Group will be improved and that the Remaining Group will be better positioned to ride out the current difficult business environment to continue its property development, property rental and property management and operation businesses.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to (i) change the official registered English name of the Company from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”; and (ii) adopt “大方廣瑞德集團有限公司” as the secondary name in Chinese of the Company. Upon the Proposed Change of Company Name becoming effective, the Company will cease to use “上海証大房地產有限公司” as the Chinese name currently used for identification purposes only.

The Proposed Change of Company Name is conditional upon (i) the passing of a special resolution by the Shareholders at the SGM to approve the Proposed Change of Company Name; and (ii) the Registrar of Companies in Bermuda approving the Proposed Change of Company Name.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the notification, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the Proposed Change of Company Name. As at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Agreement which is different from other existing Shareholders who shall otherwise be required to abstain from voting on the resolution in relation to the Disposal at the SGM.

The Circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder, and the Proposed Change of Company Name; (ii) financial information of the Disposal Group; (iii) financial information of the Group; (iv) the Valuation on the Properties; (v) pro forma financial information of the Remaining Group; (vi) a notice convening the SGM; and (vii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 23 August 2024, which has been determined after taking into account the estimated time required for the Company to prepare all relevant information for inclusion in the Circular.

WARNING

Shareholders and potential investors of the Company should note that Completion is conditional upon the satisfaction or waiver (as the case may be) of the Conditions, and the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement of the Company dated 7 June 2024 relating to the MOU.

The Board is pleased to announce that after trading hours of the Stock Exchange on 26 July 2024, the Company, the Purchaser and the Disposal Targets entered into the Agreement, pursuant to which (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares; and (ii) the Company has also conditionally agreed to assign the Debts to the Purchaser, at the total Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million), payable by the Purchaser in cash upon Completion.

BACKGROUND TO THE DISPOSAL

The Group has been principally engaged in property development, property rental, and property management and operation, and hotel operation businesses for over three decades. As set out in the annual report of the Company for the year ended 31 December 2018, with the implementation of regulatory policies on real estate across China in the second half of 2018, the rapid development of the real estate industry stopped. At the time, two development projects of the Group were in their closing stages and were mostly delivered during the year ended 31 December 2020. Save for these projects, the Group had not developed or delivered any new projects since then principally due to the difficulty in obtaining financing as a result of the implementation of stricter financial regulatory measures over property developers and operators in the PRC in August 2020, i.e. the “Three Red Lines” policy. The Group’s property rental and hotel operation businesses were also affected by the COVID-19 pandemic. Due to credit crunch, the Group recorded net current liabilities position and a gearing ratio of 9,200% as at 31 December 2020. Since then, amidst the unfavourable industry circumstances, the Group’s financial position has continued to worsen due to the debt-heavy financing structure established in the past. The repayment obligations in respect of the interest-bearing borrowings of the Group has continued to cause significant financial pressure and deplete the Group’s financial resources. The majority of the assets of the Group are overleveraged which materially impacted their performance. In light of the above, the Company has been exploring and implementing plans to resolve the liquidity issue and striving to improve the financial position of the Group.

The main purpose of the Disposal is to restructure the non-performing and distressed assets of the Group and improve its financial position. These assets of the Disposal Group are principally the Properties which (i) have not been profit-generating in the past few years due to the difficult business environment for PRC real estate developers and operators as discussed above; (ii) are overleveraged, because their development was funded through substantial debt financing but the cash flow generated could no longer service their debts; and (iii) a large part of the Properties are mortgaged for the Borrowings and some of which are subject to seizure order (查封) by the court due to the Disposal Group having defaulted on certain of the Borrowings. Furthermore, the Disposal Group had unaudited combined net liabilities attributable to owners of equity of approximately HK\$1,039.0 million as at 31 May 2024, amongst which, the Borrowings, together with the accrued interests payable thereof, amounted to approximately HK\$1,884.9 million.

Upon Completion, the Group will have disposed of the non-performing and distressed assets together with the associated Borrowings. As a result, the interest-bearing borrowings of the Remaining Group will be substantially reduced to around HK\$218.5 million only and not secured by any of the Remaining Group’s assets. It is expected that the liquidity and financial position of the Remaining Group will be improved and that the Remaining Group will be better positioned to ride out the current difficult business environment to continue its property development, property rental and property management and operation businesses.

THE AGREEMENT

Principal terms of the Agreement are set out as follows:

Date

26 July 2024

Parties

- (i) The Company, as seller;
- (ii) Fortunate Omen (HK) Limited, as purchaser;

- (iii) Auto Win, being one of the Disposal Targets;
- (iv) Giant Hope, being one of the Disposal Targets;
- (v) Best East, being one of the Disposal Targets; and
- (vi) Ample Century, being one of the Disposal Targets.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, (i) the Purchaser is an investment holding company and a wholly-owned subsidiary of Ruidong Group Co., Ltd.* (瑞冬集團股份有限公司) (“**Ruidong**”) which is a company incorporated in the PRC with limited liability and is principally engaged in research and development, design, production, sales, installation and maintenance of central air-conditioning products in the PRC; (ii) Ruidong is beneficially owned as to approximately 51.77% by Wang Wenhui (王文暉), 9.13% by Shandong Yongshangshanghe Investment Co., Ltd.* (山東雍尚上和投資有限公司) (“**Yongshangshanghe**”), 6.43% by Zhang Qingrong (張慶榮) and as to approximately 32.67% by 178 other shareholders, each holding less than 1% equity interests. Yongshangshanghe is beneficially owned as to 95% by Wang Wenhui (王文暉) and 5% by Wang Xiaoxue (王曉雪); and (iii) the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares; and (ii) the Company has also conditionally agreed to assign the Debts to the Purchaser, at Completion.

The Sale Shares represent the entire issued share capital of each of the Disposal Targets, being:

- (i) the entire issued share capital of Auto Win;
- (ii) the entire issued share capital of Giant Hope;
- (iii) the entire issued share capital of Best East; and
- (iv) the entire issued share capital of Ample Century.

Principal assets of the Disposal Group are the Properties, being (a) two shop units (being used as supermarket area), 25 retail shop units, a hotel and 475 car parking spaces of the Shanghai Zendai Thumb Plaza; (b) a shopping mall with underground car parking spaces and a hotel of the Qingdao Zendai Thumb Plaza; (c) 216 shop units and a parcel of land of the Yangzhou Project; (d) a shop unit and 81 car parking spaces of the Xizhen Project; (e) a parcel of land of the Yantai Project; and (f) 190, 50 and 115 car parking spaces of the Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower respectively, held by various entities within the Disposal Group. The Properties of the Shanghai Zendai Thumb Plaza are mortgaged as security for Loan B, Loan C and Loan D. The Properties of the Qingdao Zendai Thumb Plaza are mortgaged as security for Loan A and, due to the default of Loan A, are subject to seizure order by the court. The Properties of the Yantai Project are also subject to seizure order by the court pursuant to disputes with certain suppliers and employees. The equity interests of four entities of the Disposal Group are also subject to freezing order (凍結) of the court due to the default of Loan A.

As at 31 May 2024, the Disposal Group had aggregate amounts due from and due to the Remaining Group of approximately HK\$1,411.5 million and HK\$2,177.5 million, respectively. Pursuant to the Agreement, before Completion and as part of the pre-Completion undertakings, the Disposal Group and the Remaining Group shall (i) restructure and offset the inter-company balances between the two groups, where appropriate; and (ii) novate and assign to the Company the remaining amounts due to the Remaining Group by the Disposal Group (i.e. the Debts), for assignment by the Company to the Purchaser at Completion. Based on the aggregate amounts due from and due to the Remaining Group as at 31 May 2024, the amount of the Debts shall be approximately HK\$766.0 million. Pursuant to the Agreement, during the period between 31 May 2024 and the date of Completion, the Group shall ensure that no new transactions are generated between the Disposal Group and the Remaining Group which will materially alter the amount of the Debts.

Further details of the Disposal Group are set out in the section headed “Information of the Disposal Group” below.

Consideration

The total Consideration is RMB10,000,000 (equivalent to approximately HK\$11.0 million), which shall be payable by the Purchaser to the Company in cash upon Completion.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser having considered (i) the loss-making financial results of the Disposal Group in recent years; (ii) the unaudited combined net liabilities attributable to owners of equity of the Disposal Group of approximately HK\$1,039.0 million as at 31 May 2024; and (iii) the valuation of the Properties as at 31 May 2024 as preliminarily appraised by the Valuer at RMB2,876.6 million (equivalent to approximately HK\$3,163.6 million) in aggregate (the “**Valuation**”), and taking into account the reasons for the Disposal which are set out in the section headed “Reasons for and benefits of the Disposal” below.

The Valuation on the Properties

Given that the assets of the Disposal Group mainly comprise the Properties, in order to assess the fairness and reasonableness of the Consideration, the Company engaged the Valuer to perform the Valuation on the Properties.

The Board has obtained and reviewed the information of the Valuer and the person in charge of the Valuation, and noted that (i) the Valuer is a renowned and an experienced valuation firm with licensed and certified valuation advisory specialists and has a strong track record having served over 100,000 property valuation cases and completed more than 270 properties valuation cases for listed companies in the past covering a wide range of industries; and (ii) the person in charge of the Valuation has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Based on the above, the Board considers that the Valuer is competent and has sufficient qualification, reputation and adequate resources to perform its role. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Valuer is independent of the Company and the Purchaser, and their respective connected persons.

As advised by the Valuer, in respect of the Valuation on the Properties as at 31 May 2024, where there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market, the Valuer has used the market comparison method assuming sale of each of these Properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject Properties and the comparable properties. Given that comparable sales transactions and information about such sales are generally available, the Valuer has therefore adopted market comparison method which is in line with the market practice. In respect of the Properties where sales comparables involving similar scale properties of the same nature and tenancy structure in the similar districts are not frequent and the Properties generate rental income from letting arrangements and such rental comparables are most readily available, the Valuer considers the investment method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these Properties.

The Valuer has ascribed no commercial value to those Properties that are subject to seizure order by the court or yet to be granted a proper title certificate of building ownership rights (as the case may be). Although not freely transferrable as at the valuation date, the Board considers that such Properties shall nevertheless possess value and has instructed the Valuer to separately assess the market value of each of these Properties. In this regard, the Valuer has assessed the market value of these Properties in their existing state on the assumption that (i) the legal titles are legally vested; (ii) all the land premium or purchase consideration has been fully settled; (iii) a proper title certificate of building ownership rights have been granted and the Properties can be freely transferred; and (iv) the Properties are free from legal dispute and seizure order and can be freely disposed to other parties.

On the basis of the aforesaid methodologies, the aggregate value of the Properties (including those subject to seizure order and not yet having been granted proper title certificate) as appraised by the Valuer as at 31 May 2024 is RMB2,876.6 million (equivalent to approximately HK\$3,163.6 million). The Valuation represents a surplus of approximately HK\$279.5 million, or about 9.7%, over the aggregate book value of the Properties of approximately HK\$2,884.1 million as at 31 May 2024. Having taken into account the effective percentage holding of the Disposal Group in the Properties, the valuation surplus of the Properties attributable to the Disposal Group is approximately HK\$278.0 million.

The Valuer has confirmed that the Valuation has been carried out in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and complies with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules, and that the valuation assumptions adopted are usual assumptions adopted by a professional valuer for such assets.

Further details of the Valuation, including the methodology, bases and assumptions adopted, will be set out in the valuation report to be included in the Circular to be despatched to the Shareholders.

The Board's assessment

Based on the unaudited combined net liabilities attributable to owners of equity as at 31 May 2024 of approximately HK\$1,039.0 million, and adjusted by (i) the valuation surplus of the Properties attributable to the Disposal Group of approximately HK\$278.0 million; and (ii) the Debts of approximately HK\$766.0 million, the adjusted combined financial position of the Disposal Group would be in the positive of approximately HK\$5.0 million (the “**Adjusted Disposal Group Net Assets**”). The Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million) represents a premium of approximately HK\$6.0 million to the Adjusted Disposal Group Net Assets.

Having considered the above factors and taking into account that (i) the principal reason for the Disposal is to relieve the Group from the non-performing and distressed assets, including those which are subject to seizure order by the court, with a view to improving the Group's overall financial position and addressing its going concern issues; and (ii) under the current condition of the real estate market and the overall economy in the PRC, it would be difficult to realise all or the majority of the value of the Properties on the retail property market in an efficient manner given their size and scale, the Board considers that the Consideration is 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 Disposal having been approved by the Board;
- (ii) the Disposal having been approved by the Shareholders at the SGM;
- (iii) all representations and warranties of the Company under the Agreement remaining true, accurate and not misleading in all material respects as at Completion;
- (iv) the Company having substantially complied with and completed all obligations and conditions that it is required to comply with and perform under the Agreement before Completion;
- (v) the Company and the Disposal Group having obtained all the necessary written consents, approvals or waivers from third parties for the Disposal;
- (vi) all representations and warranties of the Purchaser under the Agreement remaining true, accurate and not misleading in all material respects as at Completion; and
- (vii) the Purchaser having substantially complied with and completed all obligations and conditions that it is required to comply with and perform under the Agreement before Completion.

Save for Conditions (iii) to (v) which may be waived by the Purchaser, and Conditions (vi) and (vii) which may be waived by the Company, all other Conditions are not capable of being waived.

As at the date of this announcement, save for Condition (i) which has been fulfilled, the other Conditions have yet to be fulfilled.

If any of the Conditions is not satisfied or waived (as the case may be) on or before 31 October 2024, the Company and the Purchaser may agree to extend such date in writing, failing which the Agreement shall terminate and upon which the rights and obligations of the Company and the Purchaser under the Agreement shall cease immediately save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within 10 calendar days upon the satisfaction or waiver (as the case may be) of the Conditions set out above, or on such other date as agreed among the parties to the Agreement in writing.

Other salient terms

Provision of property refurbishment consultancy, operation and management services

Despite the prime location, in view that the Shanghai Zendai Thumb Plaza had been developed and operating for many years, its facilities and equipment have been aging and refurbishment and upgrades will be required in order to increase its attractiveness to tenants and thus its investment value. In this regard, the Purchaser has agreed to, upon Completion, appoint the Remaining Group to provide property refurbishment consultancy, operation and management services for the Shanghai Zendai Thumb Plaza, with a view of utilising the Remaining Group's experience in developing and operating the Shanghai Zendai Thumb Plaza in the past.

On 26 July 2024, the Company, the Purchaser, and three members of the Disposal Group holding the Properties of the Shanghai Zendai Thumb Plaza, namely, Auto Win, Zendai Real Estate and Shanghai Gaoshengying (collectively the "**Property Owners**") entered into the Service Agreement, pursuant to which, the Purchaser shall appoint the Remaining Group to, upon the ownership of the Disposal Targets having been transferred to the Purchaser, provide refurbishment consultancy, operation and management services for the supermarket, shop units and car parking spaces of the Shanghai Zendai Thumb Plaza after Completion (the "**Relevant Properties**").

The Service Agreement shall take effect from the date of Completion and shall be valid for three years, subject to renewal.

Pursuant to the Service Agreement, within 60 days from its effective date, the Remaining Group shall provide the Purchaser with a management plan that is feasible and acceptable to the Purchaser or its designated entity. The plan shall include the design and budget for refurbishment, budget for leasing operation, management organisation and structure, etc., and the parties shall follow the management plan as agreed for the operation and management of the Relevant Properties.

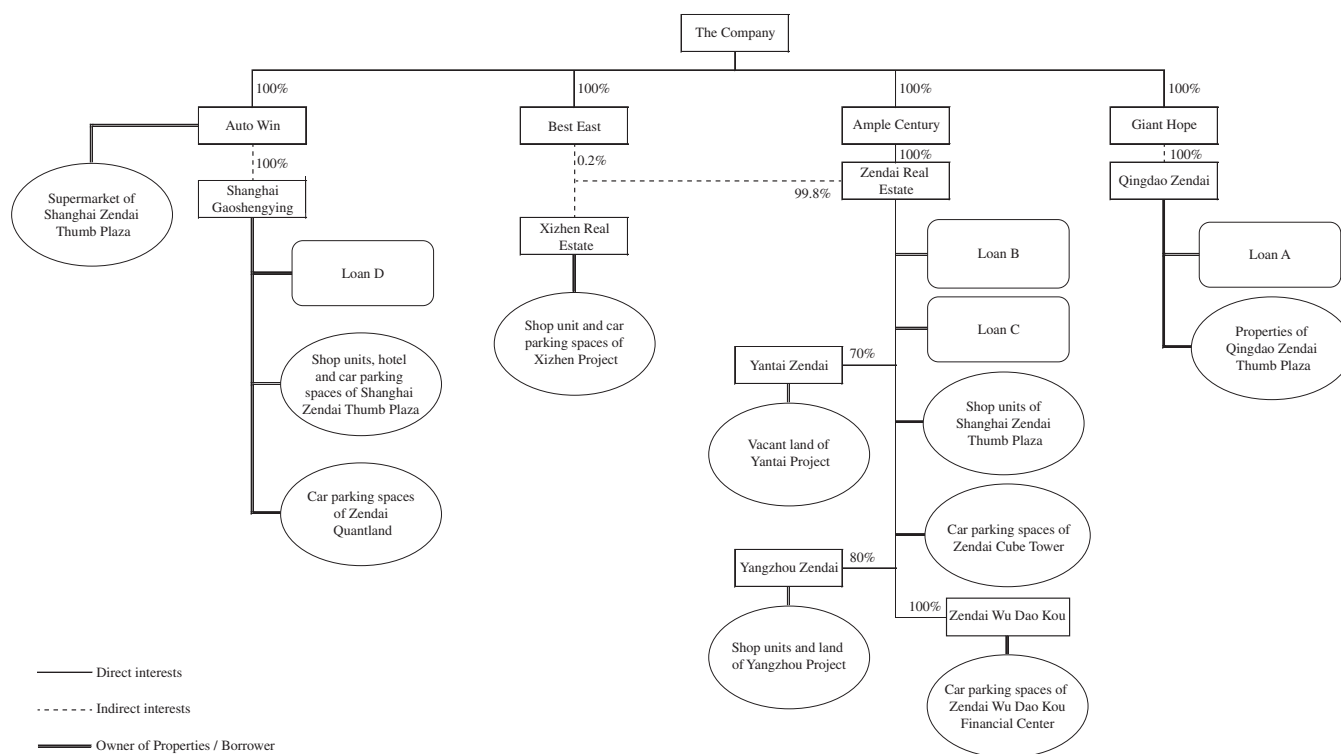
For the refurbishment consultancy services, the service fee shall be 3% of the total expenses for the refurbishment works. For the provision of operation and management service, the service fee shall be 10% of the annual rental income received from the operation of the Relevant Properties of the Shanghai Zendai Thumb Plaza.

Based on the preliminary estimation of the Company, the total expenses for refurbishment works would amount to approximately RMB50 million (equivalent to approximately HK\$55 million) and the total service fee is estimated to be approximately RMB1.5 million (equivalent to approximately HK\$1.6 million). The annual rental income after refurbishment is estimated to be approximately RMB20 million (equivalent to approximately HK\$22 million), RMB25 million (equivalent to approximately HK\$27.5 million) and RMB35 million (equivalent to approximately HK\$38.5 million) in the first, second and third years, and the service fee would be about RMB2 million (equivalent to approximately HK\$2.2 million), RMB2.5 million (equivalent to approximately HK\$2.8 million) and RMB3.5 million (equivalent to approximately HK\$3.8 million), respectively.

INFORMATION OF THE DISPOSAL GROUP

Group structure

Set out below is a simplified group structure of the Disposal Group:



The Disposal Group comprises a total of 21 companies, which are the entities directly or indirectly holding the Properties of the Shanghai Zendai Thumb Plaza, the Qingdao Zendai Thumb Plaza, the Yangzhou Project, the Yantai Project, the Xizhen Project, the Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower. Further details of these Properties and projects are set out in the section headed “The Properties and the property projects of the Disposal Group” below.

Corporate information of the Disposal Targets

Auto Win

Auto Win is a company incorporated in BVI with limited liability on 18 August 2005 and is a wholly-owned subsidiary of the Company as at the date of this announcement. Save for its holding of certain Properties of the Shanghai Zendai Thumb Plaza, Auto Win does not have other business operation and is an investment holding company.

Giant Hope

Giant Hope is a company incorporated in BVI with limited liability on 18 August 2005 and is a wholly-owned subsidiary of the Company as at the date of this announcement. It is an investment holding company.

Best East

Best East is a company incorporated in BVI with limited liability on 12 February 2002 and is a wholly-owned subsidiary of the Company as at the date of this announcement. It is an investment holding company.

Ample Century

Ample Century is a company incorporated in BVI with limited liability on 23 July 2002 and is a wholly-owned subsidiary of the Company as at the date of this announcement. It is an investment holding company.

The Properties and the property projects of the Disposal Group

The Shanghai Zendai Thumb Plaza

The Shanghai Zendai Thumb Plaza is located in Pudong, Shanghai and is a composite development which comprises retail shops, supermarket, hotel and car parking spaces. The project was completed in 2005 and operated by the Group for nearly 20 years. Certain portion had been sold, the remaining Properties, being two shop units (being operated as supermarket area), 25 retail shop units, a hotel and 475 car parking spaces, are being held by the Disposal Group as investment properties or for hotel operation. As at the date of this announcement, the supermarket area is vacant. As at 31 May 2024, the occupancy rate of the shop units was approximately 64%. The hotel is being operated by an Independent Third Party under the “Grand Mercure” brand. During the five months ended 31 May 2024, the average occupancy rate of the hotel was approximately 58%.

The Properties of the Shanghai Zendai Thumb Plaza are mortgaged as security for Loan B, Loan C or Loan D (as the case may be).

The Qingdao Zendai Thumb Plaza

The Qingdao Zendai Thumb Plaza is located in the Laoshan District in the center of Qingdao and is a composite development which comprises a shopping mall with underground car parking spaces, a hotel and hotel apartments. The project was completed in 2012 and operated by the Group for around 12 years. Certain portion had been sold, and the remaining Properties, being the shopping mall with underground car parking spaces and the hotel, are being held by the Disposal Group as investment properties or for hotel operation. As at 31 May 2024, the average occupancy rate of the shop units was approximately 58% and, during the five months ended 31 May 2024, the average occupancy rate of the hotel was approximately 53%.

The Properties of the Qingdao Zendai Thumb Plaza are mortgaged as security for Loan A. Due to the default of Loan A, the Properties of the Qingdao Zendai Thumb Plaza are subject to seizure order by the court.

The Yangzhou Project

The Yangzhou Project is located at Guoqing Road, Guangling District, Yangzhou City. The project, in which the Disposal Group has 80% interest, was completed in 2009 and operated by the Group for around 15 years. It is a commercial property project mainly comprising shop units. Certain portion had been sold and the remaining 216 shop units are being held by the Disposal Group as investment properties. As at 31 May 2024, the occupancy rate of the shop units was approximately 94%. There is also a small parcel of land which has yet to be developed and is currently tentatively used as car parking area. Due to the default of Loan A, the equity interests in Yangzhou Zendai, the operating company of the Yangzhou Project, are subject to freezing order.

The Yantai Project

The Yantai Project is located in the Yantai Development Zone, Yantai City, Shandong Province, which is currently still a vacant land with site area of approximately 26,476 sq. m. pending to be developed, in which the Disposal Group has 70% interest. This vacant land is part of a larger land parcel the Disposal Group originally planned to acquire. However, due to disputes over the conditions of the land with the owner, the Disposal Group only acquired part of the land parcel, and as a result of the disputes, the development permit (開發許可證) for the Yantai Project had not been obtained, and the development of the Yantai Project had not been commenced. Due to disputes with certain suppliers and employees over the payment of fees regarding pre-development works, the land of the Yantai Project is subject to seizure order by the court. Besides, due to the default of Loan A, the equity interests in Yantai Zendai, the operating company of the Yantai Project, are subject to freezing order.

The Xizhen Project

The Xizhen Project is located in Qingpu District, Shanghai. The project was completed in 2016 and operated by the Group for around eight years. It is a composite development which comprises retail shops, villas and car parking spaces. Substantially all of the Properties of the Xizhen Project had been sold and, of the unsold Properties, one shop unit and 81 car parking spaces are being held by the Disposal Group for investment purpose. The remaining two shop units are being held by the Remaining Group. Due to disputes with the tenant over rental, the shop unit held by the Disposal Group is subject to seizure order by the court.

The Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower

The Disposal Group also holds 115 car parking spaces of the Zendai Cube Tower, 190 car parking spaces of the Zendai Wu Dao Kou Financial Center and 50 car parking spaces of the Zendai Quantland, for investment purpose or for sale.

Other assets of the Disposal Group

Interests in an associate

The Disposal Group owns 45% equity interests in Shanghai Zendai Himalayas Company Ltd.* (上海証大喜瑪拉雅有限公司) (the “**Himalayas Company**”), which was accounted for as an investment in an associate. The Himalayas Company holds the properties known as Shanghai Himalayas Center and Himalayas Hotel Shanghai located in Pudong New Area, Shanghai, with a total area of approximately 160,000 sq. m. As disclosed in the annual report of the Company for the year ended 31 December 2023, the Himalayas Company recorded losses from operations of approximately HK\$303.9 million for the year ended 31 December 2023, and the total liabilities of the Himalayas Company exceeded HK\$4.6 billion as at 31 December 2023. As a result of sharing in the losses of the Himalayas Company over the years, the carrying value of the Group’s interests in the Himalayas Company had been reduced to nil as at 31 December 2019 and, as such, the Group has not and shall not share in any further losses recorded by the Himalayas Company subsequent to such date. The cumulative unrecognized amount of the share of losses of the Himalayas Company up to 31 December 2023 was approximately HK\$786.0 million. It is not expected that the Himalayas Company will turn around its net liabilities and loss making position in the near term. Due to the default of Loan A, the equity interests of the Himalayas Company held by the Disposal Group are subject to freezing order of the court.

Financial assets at fair value through other comprehensive income

In December 2022, the Group disposed the entire equity interests in Myway Developments Limited (“**Myway**”) to Power Rider, an associated company of a substantial Shareholder (i.e. the Myway Disposal). Two of the subsidiaries of Myway, namely Haimen Zendai Binjiang Real Estate Co., Ltd.* (海門証大濱江置業有限公司) (“**Haimen Zendai**”) and Nanjing Zendai Thumb Commercial Development Co., Ltd.* (南京証大大拇指商業發展有限公司) (“**Nanjing Zendai**”), are the operating companies for two property development projects in Haimen District, Nantong City, Jiangsu Province (the “**Haimen Project**”) and Nanjing City, Jiangsu Province (the “**Nanjing Project**”), respectively. Upon completion of the Myway Disposal, the Disposal Group retained 9.09% equity interests in Haimen Zendai and 10% equity interests in Nanjing Zendai. Further details of the Myway Disposal were disclosed in the Myway Circular dated 30 June 2022. Due to the net liabilities positions of Haimen Zendai and Nanjing Zendai, the carrying values of these financial assets were nil as at 31 May 2024. Due to the default of Loan A and a loan owed by one of the Former Nanjing Subsidiaries and guaranteed by Zendai Real Estate, the equity interests in Nanjing Zendai and in Haimen Zendai held by the Disposal Group are respectively subject to freezing order of the court.

The Disposal Group also has a 1.8334% investment in a private PRC company, namely Shanghai CURA Investment Management Co., Ltd. (上海中城聯盟投資管理股份有限公司), which is principally engaged in equity investment fund management services. Its carrying value was approximately HK\$7.4 million as at 31 May 2024.

The Borrowings of the Disposal Group

Set out below is a summary of the outstanding Borrowings of the Disposal Group as at 31 May 2024:

Name	Lender	Outstanding principal amount HK\$ million	Outstanding unpaid interests HK\$ million	Maturity date
Loan A	Lender I	655.5	300.1	16 December 2020
Loan B	Lender II	143.2	2.2	12 September 2024
Loan C	Lender III	437.8	6.2	13 September 2028
Loan D	Lender III	311.1	28.9	26 February 2032

The Borrowings were obtained by the Disposal Group in association with the property development projects over the years. Due to the slowing down of the real estate property market in the PRC, the Disposal Group has been facing difficulties in repaying the outstanding principals and/or accrued interests in a timely manner. Over the past few years, the Disposal Group has been actively negotiating with the relevant lenders for refinancing and/or extension. However, the negotiations with the lenders have been all along difficult.

Loan A has been in default since December 2020 and Lender I sued the Disposal Group for the default in 2021. In June 2022, the Intermediate People's Court of Lanzhou ordered that, among others, (a) the bank deposit of Qingdao Zendai (the operating company of the Qingdao Zendai Thumb Plaza) as at 31 December 2023 shall be frozen and the funds therein to be allocated to settle Loan A; (b) Lender I shall have first priority to be repaid from the proceeds from any discounted disposal or auction or sale of the pledged properties of Qingdao Zendai; (c) Lender I shall have first priority to be repaid from the proceeds from the sale of the 60% pledged equity interest of Hainan Huayi Real Estate Co., Ltd. (海南華意置業有限公司) ("**Hainan Huayi**"), a then indirect subsidiary of the Company operating a property development project in Hainan; (d) Zendai Real Estate (as a guarantor) shall be jointly and severally liable for the outstanding amount of Loan A; and (e) if the bank deposit of Qingdao Zendai is insufficient to settle the outstanding amount of Loan A, the Court shall have the authority to seal, seize, auction and sell the assets of Qingdao Zendai and Zendai Real Estate. As at the date of this announcement, the 60% pledged equity interest of Hainan Huayi had been sold at judicial auction, the Properties of Qingdao Zendai and the equity interests of four subsidiaries of Zendai Real Estate (including Yantai Zendai, Yangzhou Zendai, Zendai Wu Dao Kou Financial Center and another subsidiary of Zendai Real Estate) are subject to seizure order or freezing order. Despite the efforts of the Disposal Group in negotiating with Lender I for a settlement plan, the progress has not been satisfactory.

Loan B was originally maturing on 12 June 2024 and the Disposal Group was required to repay the then outstanding principal amount of approximately RMB130.3 million (equivalent to approximately HK\$143.2 million) by that date. After numerous efforts of the Disposal Group, Lender II agreed for a short extension of the maturity date of three months to 12 September 2024 but emphasized that no further extension will be given. In June 2024, the Disposal Group repaid RMB8.0 million (equivalent to approximately HK\$8.8 million) of the principal amount of Loan B.

In respect of Loan C and Loan D, based on the repayment schedule, the Disposal Group is required to repay principal amounts of approximately (i) RMB42.9 million (equivalent to approximately HK\$47.2 million) by 20 September 2024 for Loan C; and (ii) RMB8.1 million (equivalent to approximately HK\$8.9 million) by 5 September 2024 and RMB10.8 million (equivalent to approximately HK\$11.9 million) by 15 September 2024 for Loan D, respectively. While the Disposal Group repaid RMB4.4 million (equivalent to approximately HK\$4.8 million) and RMB670,000 (equivalent to approximately HK\$737,000) of the principal amount of Loan C and Loan D, respectively, in June 2024, the Disposal Group is still required to fulfil the aforesaid repayment obligations in September 2024. The Disposal Group is still negotiating with Lender III for a more feasible settlement plan in respect of Loan C and Loan D, but no agreement has been reached yet.

Given the liquidity and financial position of the Disposal Group, the Company is not confident that the respective repayment obligations in September 2024 can be fulfilled and, in such case, the Disposal Group is very likely to default on Loan B, Loan C and Loan D as well.

The Financial Guarantee

As at the date of this announcement, there are certain financial guarantees between the Disposal Group and the Former Nanjing Subsidiaries. Zendai Real Estate provided the Financial Guarantee to a member of the Former Nanjing Subsidiaries (which were the then subsidiaries of Haimen Zendai holding the Nanjing Project at the time of the Myway Disposal in December 2022 but were subsequently disposed of by Haimen Zendai to other Independent Third Party) in favour of a third party financial institution as security for a loan owed by a member of the Former Nanjing Subsidiaries to the financial institution. On the other hand, another member of the Former Nanjing Subsidiaries provided financial guarantee in favour of Lender I as security for Loan A owed by the Disposal Group. As the respective financial guarantee provided by the Disposal Group to the Former Nanjing Subsidiaries and provided by the Former Nanjing Subsidiaries to the Disposal Group has yet to be released, the party being guaranteed shall pay annual fee to the guarantor equivalent to 1% of the guaranteed amount prior to the release of such guarantee.

The loan owed by the Former Nanjing Subsidiaries to the financial institution has been defaulted, and the principal and related interest payables of such loan could not be fully paid off through realising the underlying collaterals. As such, the Disposal Group had made provision for the Financial Guarantee of approximately HK\$691.3 million as at 31 May 2024.

Financial information of the Disposal Group

Set out below is the summary of certain unaudited financial information of each of the Disposal Targets and their respective subsidiaries extracted from their unaudited combined management accounts for the two years ended 31 December 2022 and 2023 and for the five months ended 31 May 2024.

Auto Win and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	75,992	64,942	20,380
Loss before tax	(2,090)	(167,623)	(45,137)
Profit/(loss) after tax	4,464	(158,421)	(36,591)

As at 31 May 2024, the unaudited net assets attributable to owners of equity of Auto Win and its subsidiaries were approximately HK\$446.2 million.

Giant Hope and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	81,097	74,984	20,996
Loss before tax	(200,520)	(167,758)	(138,192)
Loss after tax	(185,905)	(163,326)	(113,309)

As at 31 May 2024, the unaudited net liabilities attributable to owners of equity of Giant Hope and its subsidiaries were approximately HK\$806.6 million.

Best East

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	880	50	21
Profit/(loss) before tax	19,120	(106)	(394)
Profit/(loss) after tax	19,120	(106)	(394)

As at 31 May 2024, the unaudited net assets attributable to owners of equity of Best East were approximately HK\$185.1 million.

Ample Century and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	73,972	62,460	14,620
Profit/(loss) before tax	(796,099)	220,916	(470,814)
Profit/(loss) after tax	(790,363)	277,898	(456,858)

As at 31 May 2024, the unaudited net liabilities attributable to owners of equity of Ample Century and its subsidiaries were approximately HK\$863.7 million.

Based on the unaudited management accounts, the Disposal Group had unaudited combined net liabilities attributable to owners of equity of approximately HK\$1,039.0 million as at 31 May 2024.

BUSINESSES OF THE REMAINING GROUP

Following Completion, the Remaining Group will continue to be engaged in property development, property rental, and property management and operation businesses by leveraging on its experience in the real estate market in the PRC.

Property rental

The Remaining Group will continue to operate its property rental business with (i) 48 shop units and apartments of the Shanghai Zendai Thumb Plaza leased from the owners which are available for sub-lease; (ii) 35 self-owned shop units of the Zendai Nantong Yicheng Thumb Plaza; and (iii) two self-owned shop units of the Xizhen Project. As at 31 May 2024, all of the properties of the Shanghai Zendai Thumb Plaza had been leased out, and the occupancy rates of the shop units of the Zendai Nantong Yicheng Thumb Plaza and the Xizhen Project were around 83% and 50% respectively.

Property management

The property management segment of the Group will continue to be carried out by the Remaining Group. As at the date of this announcement, the Remaining Group manages 12 properties and has 218 employees for this segment. With more than 30 years extensive experience in managing different types of residential, commercial and other properties, the property management segment has extended its business presence to major cities such as Shanghai, Qingdao and Nanjing under its service philosophy of “keep pace with the times, serve the best, focus on quality, and create impressions”. 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. The types of services provided by the Remaining Group include security services, cleaning services, maintenance of fire protection system, greening and gardening services, repair and maintenance services, garbage removal services, water and electricity fee management, parking lot management, decoration supervision, etc.

During the year ended 31 December 2023, revenue generated from the property management business amounted to approximately HK\$129.6 million, of which (i) approximately 96.4% was generated from over 7,000 Independent Third Party customers; and (ii) the remainder of approximately 3.6% was generated from two entities of the Disposal Group. The revenue generated from the single largest customer of the property management business, who is an Independent Third Party, represented approximately 8.3% of the total revenue generated by this segment during the year. Following Completion, all of the customers of the property management business of the Remaining Group shall be Independent Third Parties.

Property operation

Since the establishment of the Group, the Remaining Group has been providing property operation services for its property development projects and thus has extensive experience in this business. The types of services principally include soliciting tenants, tenant management, analysis on project operation, evaluation and transformation, etc. By analysing the geographical location, surrounding customer groups and other information of the property projects, the Remaining Group will form a view on the positioning and market conditions of the projects, identify target customers, and negotiate with the target customers for the terms of leases and arrange the execution of the lease agreements. Afterwards, the Remaining Group will perform tenant management, maintain and organise tenant information, analyse statistics, establish effective communication between property owners and tenants, and provide recommendations to improve the conditions of the properties. As at the date of this announcement, the Remaining Group has about 26 employees for the provision of property operation services.

In the Myway Disposal, a framework agreement was entered into between the Company and Power Rider, pursuant to which, Power Rider shall appoint the Group to provide services for, among others, the development, construction and operation of the Haimen Project, and the operation and management of the Nanjing Project, upon the entering into of separate project management agreements. The scope of services to be provided by the Group include, 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. Based on the framework agreement, the Group shall be entitled to service fees of 3% of the proceeds from the sale of units of the Haimen Project and the Nanjing Project, plus an additional 2% incentive fee subject to performance appraisal, such as achievement of sales target. Following Completion, the Remaining Group shall be the service provider in this regard.

The Haimen Project is a clear construction site. Subject to availability of financing and working capital, it was originally expected that construction work would commence in late 2022 and would be completed by 2029 in phases, and pre-sales would commence in 2023. In this regard, a project management agreement for the development, construction and operation of the Haimen Project was entered into between the Haimen Project Company and the Group in December 2022. However, due to the impact of the COVID-19 pandemic and the poor conditions of the real estate market, the original development plan for the Haimen Project has been postponed. Based on the latest development plan, the construction work is targeted to resume in mid-2025, with pre-sales commencing in late 2025, and the project is to be completed in phases over a period of 10 years. It is estimated that the total gross sales amount for the entire Haimen Project would be approximately RMB14,437.8 million (equivalent to approximately HK\$15,878.5 million). The Remaining Group is expected to receive a percentage-based management fee based on the proceeds from pre-sales of the Haimen Project.

The Nanjing Project refers to the unsold property units mainly consisting of offices, shop units, storage rooms and car parking spaces, some of which are under mortgage or seizure order by the court. It was intended that a portion of these unsold property units would be offered for sale at a discount to market price in 2022, 2023 and 2024. However, the intended sales had not been carried out due to the deteriorating market atmosphere. There is currently no concrete plan for such properties.

As mentioned in the section headed “The Agreement – Other salient terms” above, after Completion, the Purchaser shall appoint the Remaining Group to provide refurbishment consultancy, operation and management services for the supermarket, shop units and car parking spaces of the Shanghai Zendai Thumb Plaza following Completion.

Leveraging on the Group’s many years of experience in real estate development and construction and commercial property operation, the Remaining Group is expected to continue to generate stable revenue from these operations.

Property development

The Remaining Group will continue to operate the property development business with a more prudent and conservative approach, taking into account the prevailing conditions of the PRC real estate market and the economy.

Following Completion, the Remaining Group will continue to retain interest in the Nantong Project, which is located at South Changjiang Road of Nantong City. The Nantong Project is divided into two parts. The first part refers to the Zendai Nantong Yicheng Thumb Plaza and the second part refers to the Old Town Project.

First phase of the Zendai Nantong Yicheng Thumb Plaza refers to the 35 shop units currently held by the Remaining Group for investment purpose. The second phase is currently a vacant land with site area of approximately 30,651 sq. m. which is not scheduled to be developed until after the vacant land of the Old Town Project has been developed, as mentioned below.

The Old Town Project consists of a number of villas, shop units and a vacant land. The villas had already been sold. The shop units have been pre-sold by the Group and the sales proceeds will be recognised in mid-2024. Subject to the availability of funding, the Remaining Group targets to commence the application to the relevant Government authority for the development of the vacant land and it is expected that construction work would commence in mid-2025 and revenue would be recognised in 2026.

The Remaining Group will continue to monitor the recovery of the real estate market closely. With the improvement of the financial position following Completion, the Remaining Group is prepared to resume its property development business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development, property rental, property management and operation and hotel operation in the PRC.

As mentioned in the annual report of the Company for the year ended 31 December 2023, in 2020, the PRC Government introduced a series of strict regulations on the real estate industry marked by the “Three Red Lines” policy. Since 2021, the real estate market in the PRC has entered into a long period of adjustment and a majority of real estate enterprises, even the leading ones, have been facing difficulties in cash flow. Furthermore, despite that the COVID-19 pandemic had finally ended in 2023, it had brought about far-reaching impacts to the business environment, resulting in economic stagnation. In the backdrop of multiple evolving factors over the past few years, the business environment for real estate developers and operators in the PRC, including the Group, have been difficult. The Group’s revenue dropped significantly by approximately 84% from approximately HK\$4,598.7 million for the year ended 31 December 2020 to approximately HK\$740.9 million for the year ended 31 December 2021, and continued to drop to approximately HK\$396.6 million and HK\$380.1 million for the years ended 31 December 2022 and 2023, respectively. During the year ended 31 December 2023, the Group did not deliver any new property development projects and did not record any revenue from the sale of properties.

Amidst the industry's downward trend, the Group's financial position has continued to worsen due to the debt-heavy financing structure established in the past. The repayment obligations in respect of the interest-bearing borrowings of the Group has continued to cause significant financial pressure and deplete the Group's financial resources. Although the Group strived to reduce the interest-bearing borrowings from approximately HK\$7,035.9 million as at 31 December 2020 to approximately HK\$1,768.8 million as at 31 December 2023, the finance costs remains substantial to the Group. For the three years ended 31 December 2021, 2022 and 2023, the finance costs of the Group amounted to approximately HK\$1,001.5 million, HK\$975.7 million and HK\$239.9 million respectively, representing approximately 135.2%, 246.0% and 63.1% of the total revenue of the Group during the respective year.

Due to the multiple uncertainties relating to going concern, the auditors of the Company had issued a disclaimer of opinion regarding the consolidated financial statements of the Group for four consecutive years, beginning from the year ended 31 December 2020 up to and including the year ended 31 December 2023. The continuous disclaimer of opinion in respect of the consolidated financial statements of the Group and its deteriorating financial position have seriously hindered the Group's ability to obtain financing and refinancing from financial institutions in the PRC under the "Three Red Lines" policy. As mentioned in the section headed "Information of the Disposal Group – The Borrowings of the Disposal Group" above, the Group had defaulted on Loan A, and the Company is not confident that the Group will be able to fulfil the repayment obligations in respect of Loan B, Loan C and Loan D in September 2024. In such circumstances, the Group would have defaulted on all of the Borrowings and may therefore become subject to litigation and its assets may be subject to seizure to repay such debts.

The Company has been exploring and implementing plans to resolve the going concern issue and striving to improve the financial position of the Group. As mentioned in the annual report of the Company for the year ended 31 December 2023, the Group continued its efforts to convince the lenders of the defaulted borrowings not to take any actions against the Group for immediate payment of the principals and interest payables thereof, and actively negotiated with the lenders and identified various options for restructuring the Group's existing borrowings. Nevertheless, the negotiations have been difficult. The Group also continued to seek for potential investors for co-developing or purchasing the Group's projects in order to mitigate the Group's liquidity pressure. One such outcome of the Group's efforts was, in December 2022, the Group completed the Myway Disposal, pursuant to which the Group disposed of Myway and its then subsidiaries to Power Rider, an associated company of a substantial Shareholder. As a result of the Myway Disposal, the interest-bearing borrowings of the Group were significantly reduced by approximately HK\$4.1 billion, or about 60%, and cut the finance costs by approximately HK\$735 million, or about 75%, for the year ended 31 December 2023. The Disposal now forms an important progression of the Group's abovesaid efforts and is expected to improve the financial position and mitigate the uncertainties relating to going concern of the Group.

Following Completion, the results, assets and liabilities of the Disposal Group (including the Borrowings and the Financial Guarantee) will no longer be consolidated to those of the Group. As a result, the financial position of the Group is expected to improve, thus mitigating the uncertainties relating to going concern. This would prevent other healthy assets and businesses of the Remaining Group from being affected by the default and potential default of the relevant Borrowings and/or the adverse impact from the Financial Guarantee. With the improvement of the Group's overall financial position, it is expected that negotiations with financial institutions for necessary financing will become easier, and thereby the Remaining Group would have room to plan for potential new projects. As mentioned in the section headed "Businesses of the Remaining Group" above, the Remaining Group will continue to utilise its experience in the real estate market in the PRC to operate the existing businesses of the Group, including property development, property rental, and property management and operation businesses. Having been relieved from the non-performing and distressed Properties, the Remaining Group will also be better positioned to capture any opportunities that may arise in future.

Having considered the above factors and taking into account that (i) the principal reason for the Disposal is to relieve the Group from the non-performing and distressed assets, including those which are subject to seizure order by the court, with a view to improving the Group's overall financial position and addressing its going concern issues; (ii) the uncertain outlook of the Disposal Group given the potential default of all of the Borrowings in September 2024 and the legal and financial consequences thereof; and (iii) under the current condition of the real estate market and the overall economy in the PRC, it would be difficult to realise all or the majority of the value of the Properties on the retail property market in an efficient manner give their size and scale, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Company intends to apply the net proceeds from the Disposal (after deducting all related expenses) of approximately HK\$7.9 million as general working capital for the business development of the Remaining Group.

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 on the Disposal of approximately HK\$128.7 million, which is calculated based on the difference between (i) the Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million); (ii) the unaudited combined net liabilities attributable to owners of equity of the Disposal Group as at 31 May 2024 of approximately HK\$1,039.0 million; (iii) the Debts of approximately HK\$766.0 million; and (iv) the exchange reserves released of approximately HK\$152.2 million, net of the estimated transaction costs attributable to the Disposal of approximately HK\$3.1 million.

Shareholders should note that the above expected gain on 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 will have to be ascertained at the time of preparation of the Group's consolidated financial statements, and is subject to audit.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to (i) change the official registered English name of the Company from "Shanghai Zendai Property Limited" to "DevGreat Group Limited"; and (ii) adopt "大方廣瑞德集團有限公司" as the secondary name in Chinese of the Company. Upon the Proposed Change of Company Name becoming effective, the Company will cease to use "上海証大房地產有限公司" as the Chinese name currently used for identification purposes only.

Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the SGM; and
- (ii) the Registrar of Companies in Bermuda approving the Proposed Change of Company Name.

Subject to satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date on which the new English name of the Company in place of the existing English name together with the secondary name in Chinese of the Company are entered into the register of companies maintained by the Registrar of Companies in Bermuda. The Registrar of Companies in Bermuda shall issue a certificate of incorporation on change of name of the Company and a certificate of secondary name of the Company. The Company will then carry out the necessary registration and/or filing procedures in Hong Kong as required under the applicable laws, rules and regulations of Hong Kong including those with the Companies Registry in Hong Kong.

Reasons for the Proposed Change of Company Name

Following the Completion, the Remaining Group will be relieved from the non-performing and distressed assets as well as the associated Borrowings. With the improvement of the Group's overall financial position, the Board considers that the Proposed Change of Company Name will provide the Company with a fresh new corporate image and identity for the future development of the businesses of the Remaining Group as mentioned in the section headed "Business of the Remaining Group" above. Therefore, the Board believes that the Proposed Change of Company Name is in the best interests of the Company and Shareholders as a whole.

Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the Shareholders or the Company's daily business operation or its financial position. All existing share certificates of the Company in issue bearing the current name of the Company will, upon the Proposed Change of Company Name becoming effective, continue to be good evidence of legal title to such Shares and will remain valid for trading, settlement, registration and delivery purposes.

Accordingly, there will not be any arrangement for free exchange of the existing share certificates for new share certificates bearing the new name of the Company. Upon the Proposed Change of Company Name becoming effective, all new share certificates will be issued in the new name of the Company.

Subject to the confirmation of the Stock Exchange, the English and Chinese stock short names of the Company for trading in the securities of the Company on the Stock Exchange will also be changed after the new company name becoming effective.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the Proposed Change of Company Name. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Agreement which is different from other existing Shareholders who shall otherwise be required to abstain from voting on the resolution in relation to the Disposal at the SGM.

The Circular containing, among other things, (i) details of the Agreement and the transactions contemplated thereunder, and the Proposed Change of Company Name; (ii) financial information of the Disposal Group; (iii) financial information of the Group; (iv) the Valuation on the Properties; (v) pro forma financial information of the Remaining Group; (vi) a notice convening the SGM; and (vii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 23 August 2024, which has been determined after taking into account of the estimated time required for the Company to prepare all relevant information for inclusion in the Circular.

WARNING

Shareholders and potential investors of the Company should note that Completion is conditional upon the satisfaction or waiver (as the case may be) of the Conditions, and the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 26 July 2024 entered into among the Company, the Purchaser and the Disposal Targets in relation to the Disposal
“Ample Century”	Ample Century Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Auto Win”	Auto Win Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Best East”	Best East Developments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“Borrowings”	collectively, Loan A, Loan B, Loan C and Loan D
“BVI”	the British Virgin Islands
“Circular”	the circular of the Company in respect of, among others, the Disposal to be despatched to the Shareholders
“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 section headed “The Agreement – Conditions” in this announcement
“Consideration”	the total consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million) payable by the Purchaser to the Company for the Sale Shares and the assignment of the Debts pursuant to the Agreement
“Debts”	the amount due to and due from the Remaining Group as at 31 May 2024, which shall be offset and restructured, and novated and assigned to the Company prior to Completion, and to be assigned to the Purchaser upon Completion pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the assignment of the Debts to the Purchaser by the Company as contemplated under the Agreement
“Disposal Group”	the Disposal Targets and its subsidiaries
“Disposal Targets”	Auto Win, Giant Hope, Best East and Ample Century
“Financial Guarantee”	the financial guarantee provided by Zendai Real Estate in favour of a third party financial institution as security for a loan owed by the Former Nanjing Subsidiaries to such financial institution
“Former Nanjing Subsidiaries”	the holding companies of the Nanjing Project, which were the then subsidiaries of Myway Developments Limited, and were disposed of by the Group to Power Rider in the Myway Disposal
“Giant Hope”	Giant Hope Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“Lender I”	the lender of Loan A
“Lender II”	the lender of Loan B
“Lender III”	the lender of Loan C and Loan D
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan A”	the loan with outstanding principal amount of approximately HK\$655.5 million as at 31 May 2024 owed by the Disposal Group to Lender I
“Loan B”	the loan with outstanding principal amount of approximately HK\$143.2 million as at 31 May 2024 owed by the Disposal Group to Lender II
“Loan C”	the loan with outstanding principal amount of approximately HK\$437.8 million as at 31 May 2024 owed by the Disposal Group to Lender III
“Loan D”	the loan with outstanding principal amount of approximately HK\$311.1 million as at 31 May 2024 owed by the Disposal Group to Lender III
“MOU”	the memorandum of understanding entered into between the Company and the Purchaser on 7 June 2024 in relation to the Disposal
“Myway Circular”	the circular of the Company dated 30 June 2022 in respect of the Myway Disposal
“Myway Disposal”	the disposal of Myway Developments Limited and its then subsidiaries to Power Rider
“Power Rider”	Power Rider Enterprises Corp., a company incorporated in BVI with limited liability and an associated company of a substantial Shareholder
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Properties”	the property assets held by the Disposal Group
“Proposed Change of Company Name”	the proposal (i) to change the official registered English name of the Company from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”; and (ii) to adopt “大方廣瑞德集團有限公司” as the secondary name in Chinese of the Company
“Purchaser”	Fortunate Omen (HK) Limited, a company incorporated in Hong Kong with limited liability
“Qingdao Zendai”	Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Remaining Group”	the Group, excluding the Disposal Group, following Completion

“Sale Shares”	the entire issued share capital of each of the Disposal Targets as at the date of the Agreement
“Service Agreement”	the service agreement entered into on 26 July 2024 among the Purchaser, the Company and the Property Owners in relation to the provision of refurbishment consultancy, operation and management services by the Remaining Group to the Property Owners following 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, and the Proposed Change of Company Name
“Shanghai Gaoshengying”	Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“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
“Valuer”	Cushman & Wakefield Limited, an independent professional firm providing valuation and consulting services
“Xizhen Real Estate”	Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Yangzhou Zendai”	Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Yantai Zendai”	Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Zendai Real Estate”	Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Zendai Wu Dao Kou”	Shanghai Zendai Wu Dao Kou Property Development Co., Ltd.* (上海証大五道口房地產開發有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a 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 RMB0.90927 = HK\$1 as quoted on the website of the People’s Bank of China on 31 May 2024. 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, 26 July 2024

As at the date of this announcement, the executive Directors are Mr. Huang Yuhui, Mr. Wang Letian, Ms. Li Zhen and Mr. Long Tianyu, the non-executive Directors are Ms. Wang Zheng, Mr. Zou Yang and Mr. Guo Haomiao, and the independent non-executive Directors are Dr. Guan Huanfei, Mr. Cao Hailiang, Dr. Lin Xinzhu and Mr. Wang Yuzhou.

* *For identification purpose only*