

Report of the Directors

The directors present their annual report and the audited financial statements for the year ended December 31, 2004.

CHANGE OF NAME

Pursuant to a special resolution passed at a special general meeting held on July 7, 2004, the name of the Company was changed from Shanghai Century Holdings Limited to Shanghai Zendai Property Limited.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and its subsidiaries are principally engaged in property development businesses and provision of travel related services during the year. Particulars of the Company's subsidiaries as at December 31, 2004 are set out in note 36 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended December 31, 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 25 to 62.

No interim dividend was paid for the year (2003: Nil). The directors do not recommend the payment of a final dividend for the year ended December 31, 2004 (2003: Nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 63.

PROPERTIES FOR SALE

Details of the properties for sale of the Group as at December 31, 2004 are set out on page 64.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year are set out in note 12 to the financial statements.

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SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and consolidated statement of changes in equity on page 29 respectively.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Dai Zhikang
Mr. Zhao Hangsheng
Mr. Zhang Wei
Mr. Zhu Nansong
Mr. Huang Sudong *(resigned on June 30, 2004)*
Mr. Tang Jian

Independent non-executive directors

Mr. Lo Mun Lam, Raymond
Mr. Hui King Wai *(resigned on May 18, 2004)*
Mr. Lai Chik Fan *(appointed on May 18, 2004)*
Mr. Ma Chi Kui, Sandroff *(appointed on October 19, 2004)*

In accordance with bye-law 86(2) of the Company, Mr. Ma Chi Kui, Sandroff will hold office until the forthcoming annual general meeting and, being eligible, will offer himself for re-election at the forthcoming annual general meeting. Pursuant to bye-law 87(2) of the Company, Mr. Zhu Nansong and Mr. Lo Mun Lam, Raymond will retire by rotation and will offer themselves for re-election at the forthcoming annual general meeting.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

As at December 31, 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of issued share capital
Mr. Dai Zhikang	Interests held by controlled corporation (Note)	2,519,080,000	54.49%

Note: All of these interests represent long position held in the shares of the Company. Mr. Dai Zhikang is the beneficial owner of the entire issued share capital of Giant Glory Assets Limited ("Giant Glory"), and is therefore deemed to be interested in the 2,519,080,000 shares of the Company held by Giant Glory pursuant to the SFO.

Save as disclosed above, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at December 31, 2004.

SHARE OPTIONS

Details of the share option scheme adopted by the Company are set out in note 26 to the financial statements. At the date of this report, no share option has been granted under the share option scheme.

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme set out in note 26 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the connected transactions set out in note 33 to the financial statements, no contracts of significance to which the Company, its holding company or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year, the Group entered into certain related party transactions which also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Details of these transactions are set out in note 33 to the financial statements.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to rule 8.10 of the Listing Rules, the Company discloses that during the year and up to the date of this report, Mr. Dai Zhikang held directorships in Shanghai Zendai Investment Development Company Limited, and/or its subsidiaries (collectively referred to as the "Zendai Group"), which are also engaged in property development and related business.

As the board of directors of the Group operates independently from the boards of the Zendai Group, the Group operates its business independently of, and at arm's length from, the businesses of the Zendai Group.

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SUBSTANTIAL SHAREHOLDERS

As at December 31, 2004, the interests or short positions of the persons, other than a director or chief executive of the Company in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued share capital
Giant Glory (<i>Note 1</i>)	Beneficial owner	2,519,080,000	54.49%
Honour Great Holdings Limited (<i>Note 2</i>)	Beneficial owner	496,900,000	10.75%
Ms. Liu Lijuan (劉麗娟) (<i>Note 2</i>)	Interests held by controlled corporation	496,900,000	10.75%
Genuine Assets Limited (<i>Note 3</i>)	Beneficial owner	300,000,000	6.49%
Ms. Huang Jin (黃瑾) (<i>Note 3</i>)	Interests held by controlled corporation	300,000,000	6.49%

Notes:

1. This represents the deemed interest of Mr. Dai Zhikang as referred to in the note under the section headed "Directors' interests in shares or debentures" above.
2. Ms. Liu Lijuan is the beneficial owner of the entire issued share capital of Honour Great Holdings Limited and therefore is deemed to be interested in the 496,900,000 shares of the Company held by Honour Great Holdings Limited pursuant to the SFO.
3. Ms. Huang Jin is the beneficial owner of the entire issued share capital of Genuine Assets Limited and therefore is deemed to be interested in the 300,000,000 shares of the Company held by Genuine Assets Limited pursuant to the SFO.

All the interests stated above represent long position held in the shares of the Company. Save as disclosed above, as at December 31, 2004, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO.

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PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the year, the Company purchased its own shares on the Stock Exchange. Details are as follows:

Date of repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid HK\$
September 14, 2004	6,895,000	0.106	0.103	715,800
September 15, 2004	1,000,000	0.104	0.104	104,000

The repurchased shares were subsequently cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value thereof and the nominal value of shares repurchased amounted to HK\$157,900.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30% of total turnover for the year.

During the year, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 23% and 60% respectively, of the Group's total purchases for the year.

None of the directors, their associates or any shareholders which to the knowledge of the directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

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CORPORATE GOVERNANCE

The Company has complied throughout the year ended December 31, 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event are set out in note 35 to the financial statements.

AUDITORS

Except for the year ended December 31, 2002, in which Deloitte Touche Tohmatsu acted as auditors of the Company, KLL Associates CPA Limited have acted as auditors of the Company for the past three years.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint KLL Associates CPA Limited as auditors of the Company.

On behalf of the Board

Dai Zhikang
Chairman
April 14, 2005