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Gauteng's R84 billion smart city is coming

By **SAPA** January 8, 2015



Construction has started on a new Chinese financed R84 billion city in Modderfontein, Gauteng, The Star reported on Thursday.

Work on the first set of 300 residential units and some of the roads were reportedly already underway.

Chinese firm Shanghai Zendai acquired 1,600 hectares of land in Modderfontein in 2013 to build the city.

Zendai South Africa chief operating officer Du Wendui said the development was a 10 to 15 year project, and there would be scepticism about its success, based on artists' impression of it as the new Manhattan of Africa.

"The project will be market driven, and depending on what our clients or developers want, the sky is the limit. Twenty years ago, nobody would have imagined that Sandton would look like it does today with its multiple skyscrapers," he was quoted as saying.

Plans for the city include a central business district, churches, a library, hospital and medical facilities, a sports and international conference centre, schools, and low-cost housing, among others.

The project will house around 30,000 families and create about 200,000 fixed jobs for the local community.



The new city is also being built with technology in mind, with PCCW Global, the Hong Kong-based operating division of telecom company, HKT, set to provide technology and telecommunications services for the project.

The group will provide Zendai with a wide range of services including systems development and solutions integration, application development and management, telecommunications and information technology services, cloud computing services and e-commerce solutions.

Zendai's chairman Dai Zhikang said in 2013 that the project would transform the property into a "New York of Africa".

"It will become the future capital for the whole of Africa," he said.

<http://businesstech.co.za/news/telecommunications/55983/pccw-to-provide-tech-for-r84-billion-smart-city/>

PCCW to provide tech for R84 billion "smart city"

By **Staff Writer** April 22, 2014 **0 Comments**

PCCW Global, the Hong Kong-based operating division of telecom company, HKT, is set to provide technology and telecommunications services to the 1,600 hectare R84 billion "smart city" being constructed in Modderfontein, Johannesburg.

PCCW has signed an agreement with Shanghai Zendai, the China based urban complex developer behind the project.

According to the current planning, the Modderfontein area will be built into a new city center in Johannesburg, including nine functional zones, namely:

- The central business district;
- International conference and exhibition center;
- Entertainment center;
- Silver industry and retirement community;
- International residential community;
- Comprehensive education district;
- Sports center;
- Trade and logistic park; and
- Light industry park.
-

The project will house around 30,000 families and create about 200,000 fixed jobs for the local community, which will help enhancing the social development and economic prosperity of South Africa.

PCCW Global will provide Zendai with a wide range of services including systems development and solutions integration, application development and management, telecommunications and information technology services, cloud computing services and e-commerce solutions.

Mike van den Bergh, PCCW Global's MD of HKT Global Development Services, said: "With this project, Zendai aims to build the biggest business hub in South Africa, and to be a part of that is an exciting prospect.

“Our experience in Hong Kong, which is a world leader in terms of broadband speeds to the home and IPTV penetration levels, means we have the proven technological know-how and we are ready to deploy our extensive portfolio of services and resources to make this venture a success.”

<http://www.fin24.com/Economy/Construction-starts-on-Gautengs-Manhattan-20150108>

starts on Gauteng's 'Manhattan'

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Johannesburg - Construction has started on a new Chinese-financed R84bn city in Modderfontein, Gauteng, The Star reported on Thursday.

Work on the first set of 300 residential units and some of the roads is reportedly already under way.

Chinese firm Shanghai Zendai acquired 1 600 hectares of land in Modderfontein in 2013 to build the city.

Zendai South Africa chief operating officer Du Wendui said the development is a 10- to 15-year project, and there would be scepticism about its success, based on artists' impression of it as the new Manhattan of Africa.

"The project will be market driven, and depending on what our clients or developers want, the sky is the limit. Twenty years ago, nobody would have imagined that Sandton would look like it does today with its multiple skyscrapers," he was quoted as saying.

Plans for the city include a central business district, churches, a library, hospital and medical facilities, a sports and international conference centre, schools, and low-cost housing, among others.

Zendai's chairperson Dai Zhikang said in 2013 that the project would transform the property into a "New York of Africa".

"It will become the future capital for the whole of Africa," he said.

<http://ewn.co.za/2015/01/08/Construction-of-new-Modderfontein-city-good-for-economy>

GAUTENG GOVT DEFENDS CHINESE-BUILT CITY

Construction firm Shanghai Zendai says the R84 billion development will be the "Manhattan of Africa".



FILE: Gauteng provincial government says the construction of the new Chinese-owned developmental city in Modderfontein will yield economic benefits for residents. Picture: Entrepreneur Zone via Twitter

Dineo Bendile | a day ago

JOHANNESBURG - Gauteng provincial government says the construction of the new Chinese-owned developmental city in Modderfontein will yield economic benefits for residents.

Chinese construction company, Shanghai Zendai, has tipped the R84 billion establishment to be what it calls the "Manhattan of Africa".

Plans include a central business district, low cost housing, medical facilities and an international conference centre.

Construction is reported to have already begun on roads and 300 housing units in the area.

There has been some concern over the scale of investment by Chinese companies.

However Gauteng's Nino Zama says there is possibility for collaboration with local contractors.

"There will be jobs created, there will be business opportunities for local people and after stages of the development are completed, there will also be new opportunities created."

<http://www.iol.co.za/business/news/construction-begins-on-jhb-mini-city-1.1802591#.VLDj4SuUeSp>

Construction begins on JHB mini city

January 8 2015 at 10:37am

By Anna Cox

Johannesburg - Hope and imagination. These words are used to describe the R84 billion development being built in Modderfontein.



VISIONARY: An artist impression of what some of the buildings in Modderfontein could look like in 20 years from now.

Despite widespread scepticism when the project was announced last year that it would never take off, work has started on a small scale in the new “city” of Zendai being developed in the area.

The first set of 300 residential units and some of the roads are under construction.

Zendai South Africa chief operating officer Du Wenhui said it was a 15- to 20-year project that would see between 30 000 and 50 000 housing units of different types and sizes, ultimately housing about 100 000 residents.

The scepticism, he said, arose because of the artists’ impression of the area showing numerous tall skyscrapers illustrating it as the new Manhattan of Africa.

Wenhui said the illustrations were of what the area could look like in 20 years.

SKY IS THE LIMIT

“Hope and imagination are the key words here. The project will be market driven, and depending what our clients or developers want, the sky is the limit. Twenty years ago, nobody would have imagined that Sandton would look like it does today, with its multiple skyscrapers.”

The area will become a mini city with a town centre, churches, a library, hospital and medical facilities, a sports and international conference centre, a light industrial park, educational facilities and community offices, among others.

There will be new regional retail centres, low-cost housing and a tourism component that will include an African art museum.

Central to the development is the Gautrain’s Modderfontein station on the Sandton-airport route, which has been partially built.

Wenhui said consultants would be employed to start the design of the new station this year, but construction would probably not happen for at least the next three years.

RESERVE PRESERVED

The educational precinct will offer private schools and student accommodation, and includes a site for a government school.

The 275 hectare Modderfontein Reserve, which is open to the public, will be preserved.

“The focus is to establish an area which offers a safe, public environment in a smart city,” said Wenhui. “Security is paramount. We want to build a community here.”

Shanghai Zendai purchased the property from Heartlands, which runs explosives company AECI’s property portfolio.

The company scaled down its activities over the past years, no longer needing as much space as was formerly required.

The Shanghai Zendai project is one of the largest real estate deals concluded by a Chinese firm in South Africa.

<http://www.iol.co.za/business/news/r84bn-project-who-benefits-1.1675226#.VLD5cyuUeSo>

R84bn project: who benefits?

April 13 2014 at 01:08pm

By Dineo Faku

Johannesburg - Questions linger over the construction of a “new city” in Johannesburg, when focus should be on consolidating existing business zones and developing dormant townships.

This comes as Hong Kong-listed Shanghai Zendai held a glitzy investors briefing on its R84 billion development in Modderfontein, Johannesburg last week.

Zendai is planning to construct a business zone that will compete with Sandton and Rosebank once it has been completed in 15 years time.

Gauteng Premier Nomvula Mokonyane, a guest at the event, called for support for the project and spoke at length to dispel the myths about Chinese companies.

“We must be careful in South Africa not to protect the former colonisers at the expense of those who have been with us in the struggle,” she said. “We are appealing to everyone to give China the benefit of the doubt.”

She was referring to stories of exploitation of African states by Chinese investors who are accused of bringing their own labour from China to complete African projects and claims that employees, both African and Chinese, had been mistreated. She said the people of Alexandra and Tembisa townships would be part of the development.

The 1 600 hectare Modderfontein property, on which the development will be built, was acquired for R1bn from JSE-listed explosives and chemicals group AECI in November.

The sale had come under fire from Julius Malema’s Economic Freedom Fighters, who raised concerns about the quality of jobs from the project, before it was approved by the local competition authority in January.

Now it is all systems go for the development that will boast nine functional zones, ranging from a central district to an international convention centre.

Zendai said it would spend R3bn on infrastructure development in the area over the next three years. It expects to build a contemporary arts museum, a university, a vocational college and bilingual primary and high schools, whose construction is scheduled to start next year.

A housing complex focused on the black middle class, and a retirement village are also in the pipeline next year. The group has applied for the area to be declared an economic development zone.

Consolidating business nodes rather than having them dotted across the city was likely to be a better solution, John Loos, a property development strategist at First National Bank Home Loans said.

Loos said the business zones should also be developed along with the city’s transport corridors, which contain highways and main roads.

“Business zones are all over the place, and people travel in various directions each day to reach their workplaces. I think business zones should be linked through construction of retail centres on existing transport corridors. This will change the shape of the city’s economy,” Loos said on Friday.

While the development will create much needed jobs, the dormant former black townships need to be the focus of such developments.

Modderfontein, which is east of Johannesburg, began as a mining town over 100 years ago and is adjacent to the Modder River.

Zendai founder Zikhang Dai said the development would retain its name Modderfontein, which is Afrikaans for “muddy fountain”, because to him fountains meant wealth and a bright future.

Dai unveiled his grand plans for the development, which is being funded through own equity and Chinese government banks.

Dai expects 50 000 jobs to be created, about 100 000 residents to live in the housing complex, and 1 000 companies to become tenants on the property once construction is completed.

“We will create as many jobs for locals as possible,” Dai said.

The manufacturing and processing business that will be housed in the development will be from China and other parts of the world.

Zendai, which was founded in 1992, has previously built luxury apartments in Luanda, Angola that are standing idle because locals cannot afford the steep rental.

It has also constructed Mandarin Palace, Chinese-style luxury villas, and the Himalayas Centre, in China. Its Thumb Plaza, is the first community-based commercial centre in Shanghai.

The Bureau of Economic Research at the University of Stellenbosch showed that the implementation of Modderfontein's previously approved spatial development framework will cost about R77bn.

Over the project's 15-year project lifespan, 33 000 houses will be built and 22 000 jobs will be created. Of those jobs, 65 percent will be semi-skilled and unskilled.

While R1bn will be generated in local government rates and taxes, direct and indirect benefits for the national economy will be R14bn. The development will support the local construction industry and entrepreneurs.

The plan comes at a time when the group has been hit by low sales, a high debt level and overall weak credit metrics that constrain its financial flexibility, according to ratings agency Moody's Investors Service.

Last year, the group's gross margin narrowed to 28.8 percent from 39.2 percent in 2012, reflecting the recognition of low-margin projects in its completed properties.

It reported a 24 percent year-on-year increase in gross debt to HK\$6.1bn (R8.2bn) at the end of last year.

Business Report

http://www.itweb.co.za/index.php?option=com_content&view=article&id=140290

Chinese-funded 'smart city' kicks off

By [Martin Czernowalow](#), Group Investigative Editor.
 Johannesburg, 9 Jan 2015

The Chinese-funded "smart city", in Modderfontein, Gauteng, will be completed over the next 15 to 20 years.

Hong Kong-listed Shanghai Zendai Property started construction this week on the R84 billion "smart city" in Modderfontein, Gauteng.

The project was announced in April last year, and is set to be developed over the next 15 to 20 years, on 1 600 hectares of land – about the same size as the Sandton business district. The Modderfontein land was sold by explosives manufacturer AECL in 2013, for R1.6 billion, after 117 years of ownership.

On completion, it will be a smart city, home to 30 000 families and various industries, and is set to create 200 000 jobs.

According to initial reports from the company, the Modderfontein area will be built into a new city centre in Johannesburg, which will include nine functional zones: namely, the central business district; international conference and exhibition centre; entertainment centre; silver industry and retirement community; international residential community; comprehensive education district; sports centre; trade and logistic park; and light industry park.

PCCW Global, the venture's strategic technology partner, will provide Zendai with a range of services, including systems development and solutions integration, application development and management, telecommunications and IT services, cloud computing services and e-commerce solutions.

While the project could see millions pumped into the local economy, industry observers have previously expressed scepticism about its long-term benefit to the ICT sector. Chinese companies based in SA have come under fire for bringing in foreign nationals to complete contracts, instead of transferring skills to local workers. The Congress of South African Trade Unions has said local workers should be employed, and charged that Chinese companies are exploiting Chinese workers by paying them a lower wage.

http://www.itweb.co.za/index.php?option=com_content&view=article&id=134058:Industry-cautious-of-Chinese-invasion

Industry cautious of Chinese invasion

By [Nicola Mawson and Tyson Ngubeni](#)
Johannesburg, 24 Apr 2014



Around 30 000 families will eventually move into a smart city to be built on Johannesburg's East Rand.

Shanghai Zendai's mammoth project to build a smart city on Johannesburg's East Rand - that will vie with Johannesburg and Sandton as a business hub - could see millions pumped into the local economy.

However, commentators are sceptical of its long-term benefit to the ICT sector.

The project will be developed over the next 15 to 20 years, on 1 600 hectares of land - around the same size as the Sandton business district. The Modderfontein land was sold by explosives manufacturer AECI last year for R1.6 billion, after 117 years of ownership.



On completion, it will be a smart city, home to 30 000 families and various industries, and is set to create 200 000 **jobs**.

IDC analyst Mark Walker notes the project, a great idea, should generally contribute to the local economy. He adds it will be in competition with Kenya, which has similar plans for a smart city outside Nairobi - 'Silicon Savannah' - while comparable plans are afoot in Ghana.

See also

- [Modderfontein to become smart city](#)
- [Vodacom sells Gateway carrier unit](#)
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- [Mike van den Bergh](#)
- [PCCW](#)
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Walker adds: "Chinese companies investing in Africa tend to have a good understanding of the requirements of emerging markets. They know the importance of affordability, relevance and ease of use, and this is what a lot of multi-nationals don't seem to get."

Construction on the project has yet to start, as the first tranche of land was only transferred last month. The Hong Kong-listed developer has signed a strategic partnership with PCCW Global to provide the bulk of the smart city **infrastructure**, although details are currently scarce.

Zoning in

This week, Shanghai Zendai and PCCW announced they had inked a strategic collaboration that will see PCCW provide technology and telecommunications services, and skills and experience to assist in Zendai's development of the smart city. The city, which will be created on the back of one of the largest bulk urban property transactions in SA, will have nine functional zones, including a business district, conference centre and light industry park.



Mike van den Bergh, PCCW Global's MD of its HKT Global Development Services unit, says the project is set to be the biggest business hub in SA.

PCCW, as the venture's strategic technology partner, will provide Zendai with services that include systems development and solutions integration, application development and management, telecommunications and IT services, cloud computing services and e-commerce solutions.

However, the functionality that will be available to residents and businesses has yet to be worked out, as does PCCW's exact role.

Mike van den Bergh, PCCW Global's MD of its HKT Global Development Services unit, says the company is "excited" at being a part of what is set to be the biggest business hub in SA. He adds the company's experience in Hong Kong - with its fibre to the home network - gives it the technical know-how to handle the deal.

Van den Bergh cannot yet provide details around Internet speeds, or timelines, saying these will be determined by Zendai.

Historical issues

Walker notes a smart city would be beneficial on paper, but would need strong support from government to be successful. "If you look at Dubai's Internet City, they had huge political and government backing, and they got technology companies to invest heavily in the project. They made it attractive for companies to be in the city," he says.

Who is Mike van den Bergh?

Mike van den Bergh, a telecoms personality with more than 20 years' experience in the sector, spent 24 years with Gateway Communications, until Vodacom sold it to PCCW at the end of 2012. Before he moved to PCCW to take up his current role, Van den Bergh was CEO of Gateway.

He has a B.Com degree from the University of SA, and has held several other industry positions, including as vice-chairman of the International Telecommunications User Group, chairman of the Communications Users Association of SA, and chairman of the now defunct SA Value-Added Networks Service Providers Association.

Based on previous ICT projects in SA, industry veteran Adrian Schofield notes Chinese investment typically goes into Chinese companies, which bring their skills with them, and then take them home again.

"The Chinese are not known for investing out of the goodness of their hearts; they do so because it is good for them."

Skills transfer could prove to be a big challenge, says Walker, as technology developments focus on automation and replication. "Many companies fly in personnel from overseas to get things running and after that the main concern is maintenance and support of infrastructure. A lot of the time it can be done from anywhere in the world."

Chinese companies based in SA have come under fire for bringing in foreign nationals to complete contracts, instead of transferring skills to local workers. The Congress of South African Trade Unions has said local workers should be employed, and charged that Chinese companies are exploiting Chinese workers by paying them a lower wage.

http://www.itweb.co.za/index.php?option=com_content&view=article&id=133988:Modderfontein-to-become-smart-city

Modderfontein to become smart city

By [Staff Writer](#), ITWeb
Johannesburg, 22 Apr 2014



PCCW Global, the Hong Kong-headquartered international operating division of Hong Kong-based telecommunications service provider HKT, will provide technology to turn Modderfontein into a smart city.

Modderfontein, based in Johannesburg's East Rand, is being developed into a new city centre. The 1 600-hectare development will include nine functional zones: the central business district, international conference and exhibition centre, entertainment centre, silver industry and retirement community, international residential community, comprehensive education district, sports centre, trade and logistic park, as well as a light industry park.



Shanghai Zendai, an urban complex developer specialising in commercial real estate from mainland China, has signed PCCW up to provide technology and telecommunications services, skills and experience to assist in Zendai's development of the smart city.

The project will house around 30 000 families and create about 200 000 fixed jobs for the local community, which will help enhance the social development and economic prosperity of South Africa, says PCCW in a statement.

See also

- [Gateway looks to Africa](#)
- [SNO bidder promises delivery in three months](#)
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- [Shanghai Zendai](#)
- [PCCW](#)
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PCCW will provide Zendai with a range of services, including systems development and solutions integration, application development and management, telecommunications and information technology services, cloud computing services and e-commerce solutions, it says. Mike van den Bergh, PCCW Global's MD of HKT Global Development Services, says: "With this project, Zendai aims to build the biggest business hub in South Africa, and to be a part of that is an exciting prospect." HKT's fibre-to-the-home network covers about 79% of all Hong Kong households.



Mike an den Bergh is former chief executive of Gateway Communications, which Vodacom sold to PCCW Global for \$26m in 2012.

The development is expected to become a hub for Chinese firms investing in sub-Saharan Africa, as well as for those seeking to do business with China, and for people working and interacting with such companies, says PCCW.

Du Wenhui, Shanghai Zendai's senior VP, adds the smart city to be built at Modderfontein Zendai will be on par with the most advanced and innovative developments in the world.

Van den Bergh is former chief executive of Gateway Communications. PCCW Global paid Vodacom \$26 million to acquire Gateway - a provider of interconnection satellite services and terrestrial network infrastructure for African and intercontinental telcos.

<http://www.southafrica.info/business/investing/shanghai-zendai-modderfontein-smart-city-120115.htm#.VNSsyGjLdcQ>

Work begins on South Africa's R84bn smart city

12 January 2015

Construction has begun on a Chinese-financed R84-billion city in Modderfontein, eastern Johannesburg, The Star reported last week.

Work on the first set of 300 residential units and some of the roads was already under way, the newspaper said.

Chinese firm Shanghai Zendai planned to develop the 1,600 hectares of land into the "New York of Africa", Dai Zhikang, the company's founder and chairman, said at a press conference in November 2013.

The area will be developed into a financial hub, with as many as 35 000 houses, an educational centre, a hospital and medical centre, and a sport stadium.

'Hope and imagination'

Zendai South Africa chief operating officer Du Wenhui told the Star that the development was a 15- to 20-year project that would see between 30 000 and 50 000 housing units of different types and sizes being built, ultimately housing about 100 000 residents.

Wenhui said the project had been met with some scepticism, especially after drawings were released showing what it would look like in 20 years time.

But "hope and imagination" were key words, he said. "The project will be market driven, and depending on what our clients or developers want, the sky is the limit," he was quoted as saying.

Chinese firm Shanghai Zendai is a Hong Kong-listed investment company. It develops and manages property projects in 12 cities in northern China, Shanghai city and Hainan province.

Africa's 'future capital'

It bought the 1,600-hectare property from South Africa's chemicals and explosives company AECl in November 2013 for R1.06-billion, Business Day reported at the time. The sale was part of AECl's plans to dispose of surplus land holdings, and the transaction represents one of the largest single foreign direct investments in South Africa.

"It will become the future capital of the whole of Africa," Dai reportedly said at a press conference in November 2013. "This will be on par with cities like New York in America or Hong Kong in the Far East." The development, which is yet to be named, will become a hub for Chinese firms investing in sub-Saharan Africa, Dai said.

Once complete, the city will provide jobs for 100 000 people and house about 100 000 more.

Collaboration

The Modderfontein site is located between the central business district of Sandton and OR Tambo International Airport.

It is on the Gautrain route, and the development will also include the completion of the Modderfontein station.

The Gauteng Provincial Government says the new city will benefit Johannesburg's residents, Eyewitness News reported last week.

Nino Zama of the Gauteng Provincial Government said there was possibility for collaboration with local contractors.

"There will be jobs created, there will be business opportunities for local people and after stages of the development are completed, there will also be new opportunities created."

SAinfo reporter

<http://www.sacommercialpropnews.co.za/business-specialties/property-construction-development/7098-modderfontein-new-city-makes-its-mark.html>

Modderfontein new city makes its mark

By SA Commercial Prop News 09/01/2015 21:00:00

Font size:



Construction has begun on the new R84 billion city in Modderfontein, Gauteng, owned by Hong Kong listed Shanghai Zendai.



Construction has begun on the new R84 billion city in Modderfontein, Gauteng, owned by Hong Kong listed Shanghai Zendai, with development of 300 residential units underway.

Plans to build a new city were unveiled last year in April by founder Zikhang Dai and some of the roads were reportedly already underway.

Shanghai Zendai acquired 1600 hectares of land in Modderfontein in 2013 from explosives and chemicals company AECI which sold it for R1.06 billion.

Chinese companies have been building roads and infrastructure across sub-Saharan Africa for years. The project will be among the largest real estate deals by a Chinese firm in South Africa. Zendai South Africa chief operating officer Du Wendui said the development was a 10 to 15 year project, and there would be scepticism about its success, based on artists' impression of it as the new Manhattan of Africa.

"The project will be market driven, and depending on what our clients or developers want, the sky is the limit. Twenty years ago, nobody would have imagined that Sandton would look like it does today with its multiple skyscrapers," he was quoted as saying.

Plans for the city include a central business district, churches, a library, hospital and medical facilities, a sports and international conference centre, schools, and low-cost housing, among others.

Dai Zhikang said in 2013 that the project would transform the property into a "New York of Africa".

"It will become the future capital for the whole of Africa," he said.

The new city is also being built with technology in mind, with PCCW Global, the Hong Kong-based operating division of telecom company, HKT, set to provide technology and telecommunications services for the project.

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