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Glorious Property Holdings Limited **恒盛地產控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00845)

DISCLOSEABLE TRANSACTION INVOLVING FINANCING ARRANGEMENT OF UP TO RMB700,000,000 THROUGH TRUST ARRANGEMENT

The Board is pleased to announce that on 22 May 2014, the Co-operation Agreement was entered into among Shanghai Xintai, Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran (all of which are wholly-owned subsidiaries of the Company), the Company and Zhongrong Trust (an independent third party), pursuant to which the Trust Scheme would be established by Zhongrong Trust to raise RMB financing for Shanghai Hengran in the amount of up to RMB700,000,000. Shanghai Hengran is directly owned as to 35% by Glorious Investment Shanghai and as to 65% by Shanghai Ranjuan.

Pursuant to the Co-operation Agreement, on 22 May 2014:

- (i) the Equity Transfer Agreement was entered into pursuant to which Glorious Investment Shanghai and Shanghai Ranjuan shall transfer 16.79% and 31.19% equity interest in Shanghai Hengran, respectively, to Zhongrong Trust for a total consideration of RMB23,990,000;
- (ii) the Capital Increase Agreement was entered into pursuant to which Zhongrong Trust shall contribute up to RMB700,000,000 to Shanghai Hengran, of which RMB1,000,000 shall be contributed as the registered capital of Shanghai Hengran and the remainder shall be contributed as capital reserve of Shanghai Hengran;
- (iii) the Purchase Option Agreement was entered into pursuant to which the parties agreed that after the expiration of 18 months and no later than 24 months of the term of the Trust Scheme, Glorious Investment Shanghai and Shanghai Ranjuan shall have the right to purchase from Zhongrong Trust its 49% equity interest in Shanghai Hengran; and

(iv) the Debt Reorganisation Agreement was entered into pursuant to which Glorious Investment Shanghai and Shanghai Ranjuan shall assign the Loan to Zhongrong Trust.

Following the assignment of Loan, the Equity Transfer and the First Capital Increase under the Debt Reorganisation Agreement, the Equity Transfer Agreement and the Capital Increase Agreement, respectively, the aggregate equity interest held by Glorious Investment Shanghai and Shanghai Ranjuan in Shanghai Hengran shall decrease from 100% to 51%. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregated basis, exceed 5% but are less than 25%, the Disposals constitute a discloseable transaction for the Company under the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 22 May 2014, the Co-operation Agreement was entered into among Shanghai Xintai, Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran (all of which are wholly-owned subsidiaries of the Company), the Company and Zhongrong Trust (an independent third party), pursuant to which the Trust Scheme would be established by Zhongrong Trust to raise RMB financing for Shanghai Hengran in the amount of up to RMB700,000,000. Shanghai Hengran is directly owned as to 35% by Glorious Investment Shanghai and as to 65% by Shanghai Ranjuan.

PRINCIPAL TERMS OF THE TRUST ARRANGEMENT

The principal terms of the trust arrangement are as follows:

Co-operation Agreement, Subordinated Trust Agreement and Purchase Option Agreement

Pursuant to the Co-operation Agreement, the parties shall cooperate to establish the Trust Scheme with Zhongrong Trust as the trustee. The Trust Scheme is expected to issue 1,400,000,000 trust units, with preferential investors expected to subscribe for up to 700,000,000 units and Glorious Investment Shanghai and Shanghai Ranjuan, as subordinated investors, subscribing for 700,000,000 units. The funds raised by the Trust Scheme by the issuance of trust units to preferential investors shall be used for capital contribution towards Shanghai Hengran.

The relevant parties shall enter into the Subordinated Trust Agreement, the Debt Reorganisation Agreement, the Equity Transfer Agreement, the Capital Increase Agreement and the Purchase Option Agreement. In addition, to secure the payment obligations of Shanghai Hengran under the Loan, the Company, Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran and Shanghai Xintai shall also provide security in the form of guarantees, land mortgage and/or equity pledges in favour of Zhongrong Trust.

Pursuant to the Subordinated Trust Agreement, the Trust Scheme of the estimated total amount of RMB1,400,000,000, divided into 1,400,000,000 trust units shall be established by Zhongrong Trust as trustee, of which Glorious Investment Shanghai and Shanghai Ranjuan, shall subscribe for 700,000,000 trust units as subordinated investors, and the general public shall subscribe for up to 700,000,000 trust units as preferential investors. The actual amount to be subscribed by the preferential investors shall be determined based on the fund-raising process to be conducted in several rounds. The term of the Trust Scheme shall be limited to 24 months.

Pursuant to the Purchase Option Agreement, Glorious Investment Shanghai and Shanghai Ranjuan shall have the right to, after the expiration of 18 months and no later than 24 months of the term of the Trust Scheme, purchase from Zhongrong Trust its 49% equity interest in Shanghai Hengran, subject to the further agreement of Zhongrong Trust. The consideration for the transfer shall be determined by the formulae as stipulated in the Purchase Option Agreement, with reference to the nominal value of the outstanding preferential trust units that remain outstanding at the date of exercise of such right to purchase the 49% equity interest from Zhongrong Trust, plus any outstanding interest associated with the Loan.

Debt Reorganisation Agreement

As at the date of this announcement, Glorious Investment Shanghai and Shanghai Ranjuan, as shareholders of Shanghai Hengran, have contributed shareholders' loan in the principal amount of RMB676,010,000 to Shanghai Hengran. Pursuant to the Debt Reorganisation Agreement, the Loan shall be assigned by Glorious Investment Shanghai and Shanghai Ranjuan free from encumbrances to Zhongrong Trust prior to the establishment of the Trust Scheme. The consideration of the assignment of the Loan shall be RMB676,010,000, which shall be satisfied by the subscription of 676,010,000 subordinated trust units of the Trust Scheme by Glorious Investment Shanghai and Shanghai Ranjuan pursuant to the Subordinated Trust Agreement.

Completion of the assignment of Loan shall occur on the same day as the establishment of the Trust Scheme.

Equity Transfer Agreement

Date: 22 May 2014

Parties:

- (1) Glorious Investment Shanghai and Shanghai Ranjuan as vendors
- (2) Zhongrong Trust as purchaser
- (3) Shanghai Hengran as the target company

Subject matter:

Glorious Investment Shanghai agreed to sell, and Zhongrong Trust agreed to purchase, 16.79% equity interest in Shanghai Hengran for the consideration of RMB8,396,500.

Shanghai Ranjuan agreed to sell, and Zhongrong Trust agreed to purchase, 31.19% equity interest in Shanghai Hengran for the consideration of RMB15,593,500.

Payment of consideration:

The consideration payable to Glorious Investment Shanghai of RMB8,396,500 shall be set-off against part of the amount required to be contributed by Glorious Investment Shanghai in the sum of RMB8,396,500 for the subscription of 8,396,500 subordinated trust units under the Subordinated Trust Agreement.

The consideration payable to Shanghai Ranjuan of RMB15,593,500 shall be set-off against part of the amount required to be contributed by Shanghai Ranjuan in the sum of RMB15,593,500 for the subscription of 15,593,500 subordinated trust units under the Subordinated Trust Agreement.

Conditions precedent to the payment of consideration:

The obligation of Zhongrong Trust to pay the consideration for the Equity Transfer shall be subject to, inter alia, the fulfillment of the conditions precedent below:

- (i) the valid establishment of the Trust Scheme;
- (ii) completion of due diligence by Zhongrong Trust on Shanghai Hengran and the equity interest proposed to be transferred, and internal approval of Zhongrong Trust in respect of the due diligence having been received;
- (iii) the completion of the requisite registration for the Equity Transfer; and
- (iv) no material adverse change to the business, operations, assets, liabilities and other conditions of Shanghai Hengran from 31 January 2014 having occurred.

Completion:

Completion of the Equity Transfer shall take place on the date of obtaining the renewed business license in respect of the Equity Transfer, which shall not be later than five business days before the establishment of the Trust Scheme.

Capital Increase Agreement

Date: 22 May 2014

Parties:

- (1) Zhongrong Trust
- (2) Glorious Investment Shanghai
- (3) Shanghai Ranjuan
- (4) Shanghai Hengran

Subject matter:

Zhongrong Trust shall contribute all the preferential trust funds contributed in accordance with the Co-operation Agreement by the preferential investors to the Trust Scheme towards the capital increase of Shanghai Hengran of an aggregate amount of up to RMB700,000,000 (subject to the actual amount of funds raised by the Trust Scheme), of which RMB1,000,000 shall be contributed to the registered capital of Shanghai Hengran and the remainder shall be contributed to the capital reserve of Shanghai Hengran.

Conditions precedent to the First Capital Increase:

Subject to, inter alia, the fulfilment of the below conditions precedent, Zhongrong Trust shall contribute the First Capital Increase (which shall be a minimum of RMB100,000,000) to Shanghai Hengran, of which RMB1,000,000 shall be contributed to the registered capital of Shanghai Hengran and the remainder shall be contributed to the capital reserve of Shanghai Hengran:

- (i) the signing of the Equity Transfer Agreement and the Debt Reorganisation Agreement;
- (ii) the completion by Glorious Investment Shanghai and Shanghai Ranjuan of the Equity Transfer, the assignment of the Loan to Zhongrong Trust and the investment as subordinated investors in the Trust Scheme;
- (iii) the completion of the establishment of the Trust Scheme; and
- (iv) the approvals and authorisations for the signing of the Capital Increase Agreement and the transactions contemplated thereby having been obtained.

The second and subsequent instalments of the Capital Increase (if any, with the actual amount subject to the fund-raising of the Trust Scheme) shall be contributed to the capital reserve of Shanghai Hengran.

Shareholding changes in Shanghai Hengran:

Immediately after completion of the Equity Transfer, the equity interest in Shanghai Hengran shall be held as to 47.98% by Zhongrong Trust, 18.21% by Glorious Investment Shanghai and 33.81% by Shanghai Ranjuan.

Immediately after completion of the Equity Transfer and the First Capital Increase, the equity interest in Shanghai Hengran shall be held as to 49.0% by Zhongrong Trust, 17.85% by Glorious Investment Shanghai and 33.15% by Shanghai Ranjuan.

Completion:

Each instalment of the Capital Increase shall be made: (i) on the date of establishment of the Trust Scheme (in respect of the first instalment); (ii) on the closing of each fund-raising period of the Trust Scheme (in respect of subsequent instalments); or (iii) a later date as determined in writing by Zhongrong Trust.

INFORMATION ON SHANGHAI HENGRAN

Shanghai Hengran was established as a limited liability company in the PRC on 21 January 2014. Based on the unaudited management accounts of Shanghai Hengran prepared in accordance with PRC accounting standards, as at 30 April 2014, Shanghai Hengran had a net asset value of approximately RMB50,008,000. The net profit before and after taxation of Shanghai Hengran for the period from the date of incorporation to 30 April 2014 was RMB8,000.

On 13 November 2013, Glorious Investment Shanghai and Shanghai Ranjuan entered into the land acquisition contract to acquire and develop the project at East Block, Section 9, 10A-03A, South Bridge New City, Fengxian District, Shanghai City. By a supplemental agreement entered into among Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran and the local government, the transferee of the land use right has been changed to Shanghai Hengran.

Upon completion of the Disposals, the equity interest held by the Group in Shanghai Hengran will decrease from 100% to 51%, and Shanghai Hengran will remain a subsidiary of the Company.

INFORMATION ON THE GROUP AND ZHONGRONG TRUST

The Group is principally engaged in the development and sale of high quality properties in key economic cities across the PRC. As of the date of this announcement, the Group has 30 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongrong Trust is a company established under the laws of the PRC. The principal business of Zhongrong Trust is to provide financial and related services to customers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhongrong Trust and its ultimate beneficial owner(s) were third parties independent of the Company and its connected persons.

REASONS AND BENEFITS OF ENTERING INTO THE TRUST ARRANGEMENT

The Directors are of the view that the various transactions contemplated under the Co-operation Agreement, including the Disposals, are effectively a financing arrangement for Shanghai Hengran to raise up to RMB700,000,000. The arrangement enables the Group to obtain significant funding for Shanghai Hengran to develop its project at Fengxian District, Shanghai. After the expected completion of the purchase of Zhongrong Trust's 49% equity interest in Shanghai Hengran, repayment of the Loan by Shanghai Hengran and redemption of the trust units under the Trust Scheme upon the expiry of the Trust Scheme in approximately 18 months to 24 months, Shanghai Hengran would again become an indirect wholly-owned subsidiary of the Company.

The consideration payable to the Group under the Equity Transfer Agreement was determined by reference to the total registered capital of Shanghai Hengran and the percentage of equity interest to be transferred by the Group to Zhongrong Trust, being 47.98%.

DIRECTORS' CONFIRMATION ON THE TRUST ARRANGEMENT

The Directors (including the independent non-executive Directors) are of the view that the terms of the trust arrangement are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

The trust arrangement are not expected to result in any gain or loss to the Group in its income statement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregated basis, exceed 5% but are less than 25%, the Disposals constitute a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Capital Increase”	the capital increase of up to RMB700,000,000 in Shanghai Hengran pursuant to the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	an agreement dated 22 May 2014 entered into among Zhongrong Trust, Glorious Investment Shanghai, Shanghai Ranjuan and Shanghai Hengran in relation to the Capital Increase

“Company”	Glorious Property Holdings Limited (恒盛地產控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Co-operation Agreement”	an agreement dated 22 May 2014 entered into among the Company, Shanghai Xintai, Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran and Zhongrong Trust in relation to the co-operation arrangement for setting up of the Trust Scheme
“Debt Reorganisation Agreement”	an agreement dated 22 May 2014 entered into among Glorious Investment Shanghai, Shanghai Ranjuan, Shanghai Hengran and Zhongrong Trust in relation to, amongst other matters, the assignment of Loan
“Deemed Disposal”	the increase of RMB1 million in the registered capital of Shanghai Hengran pursuant to the First Capital Increase, after which the equity interest of the Group in Shanghai Hengran will decrease by 1.02%
“Directors”	the directors of the Company
“Disposals”	the assignment of Loan under the Debt Reorganisation Agreement, the Deemed Disposal and the Equity Transfer
“Equity Transfer”	the transfer by Glorious Investment Shanghai and Shanghai Ranjuan of 16.79% and 31.19% equity interest in Shanghai Hengran to Zhongrong Trust, respectively, pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	an agreement dated 22 May 2014 entered into among Glorious Investment Shanghai, Shanghai Ranjuan, Zhongrong Trust and Shanghai Hengran in relation to the Equity Transfer
“First Capital Increase”	the first instalment of the Capital Increase under the Capital Increase Agreement, which shall be a minimum of RMB100,000,000, of which RMB1,000,000 shall be contributed to the registered capital of Shanghai Hengran and the remainder shall be contributed to the capital reserve of Shanghai Hengran
“Glorious Investment Shanghai”	恒盛地產投資(上海)有限公司 (Glorious Property Investment (Shanghai) Co., Ltd.), a limited company established under the laws of the PRC, which is an indirect wholly-owned subsidiary of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB676,010,000 owed by Shanghai Hengran to Glorious Investment Shanghai and Shanghai Ranjuan as at the date of this announcement, and which shall be assigned to Zhongrong Trust pursuant to the terms and conditions of the Debt Reorganisation Agreement
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Purchase Option Agreement”	an agreement dated 22 May 2014 entered into among Zhongrong Trust, Glorious Investment Shanghai and Shanghai Ranjuan in relation to, among other matters, the option to purchase 49% of the equity interest in Shanghai Hengran by Glorious Investment Shanghai and Shanghai Ranjuan from Zhongrong Trust
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Hengran”	上海恒冉房地產開發有限公司 (Shanghai Hengran Property Development Co., Ltd.), a limited company established under the laws of the PRC, which is an indirect wholly-owned subsidiary of the Company
“Shanghai Ranjuan”	上海冉娟裝潢工程有限公司 (Shanghai Ranjuan Decoration Engineering Co., Ltd.), a company established under the laws of the PRC, which is an indirectly wholly-owned subsidiary of the Company
“Shanghai Xintai”	上海鑫泰房地產發展有限公司 (Shanghai Xintai Property Development Co., Ltd.), a company established under the laws of the PRC, which is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Trust Agreement”	an agreement dated 22 May 2014 entered into among the Glorious Investment Shanghai, Shanghai Ranjuan and Zhongrong Trust in relation to, amongst other matters, the subscription of subordinated trust units under the Trust Scheme by Glorious Investment Shanghai and Shanghai Ranjuan

“Trust Scheme”

中融－融恒1號股權投資集合信託計劃 (Zhongrong – Rongheng No. 1 Equity Accumulative Investment Trust Plan), a scheme of trust to be established by Zhongrong Trust pursuant to the terms of the Co-operation Agreement for the primary purpose of raising RMB funds for Shanghai Hengran

“Zhongrong Trust”

中融國際信託有限公司 (Zhongrong International Trust Co., Ltd.), a company established under the laws of the PRC

By order of the Board
Glorious Property Holdings Limited
Tai Wing Kwan, Catherine
Company Secretary

Hong Kong, 22 May 2014

As at the date of this announcement, the executive directors of the Company are Messrs. Cheng Li Xiong, Ding Xiang Yang, Xia Jing Hua, Yan Zhi Rong and Yu Xiu Yang; and the independent non-executive directors of the Company are Messrs. Yim Ping Kuen, Liu Shun Fai, Wo Rui Fang and Han Ping.