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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: 845)

DISCLOSEABLE TRANSACTION INVOLVING RMB1.67 BILLION FUND RAISING ARRANGEMENT THROUGH TRUST SCHEME

The Board is pleased to announce that Glorious Weida (an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of Fuda Nantong) has successfully raised RMB1.67 billion through the Trust Scheme established by Jiangsu Trust.

The Trust Scheme was established to raise RMB fund for Glorious Weida pursuant to the Co-operation Framework Agreement entered into among Fuda Nantong (an indirect wholly-owned subsidiary of the Company), Shanghai Xintai (an indirect wholly-owned subsidiary of the Company), Glorious Weida and Jiangsu Trust on 8 October 2010.

In connection with the Co-operation Framework Agreement, Jiangsu Trust, Fuda Nantong and Glorious Weida also entered into the Capital Increase Agreement on 9 October 2010, pursuant to which, each of Fuda Nantong and Jiangsu Trust has agreed to contribute to the increase of the registered capital of Glorious Weida. Following completion of the capital increase, the equity interest in Glorious Weida would be held as to 50.45% by the Company (through Fuda Nantong) and as to 49.55% by Jiangsu Trust.

Pursuant to the Co-operation Framework Agreement, Fuda Nantong and Shanghai Xintai have jointly and severally undertaken that, upon expiry of the two years' term of the Trust Scheme, they will perform the Purchase Undertaking, following which Jiangsu Trust will transfer the 49.55% equity interest in Glorious Weida to them at a nominal consideration of RMB1.00 resulting in Glorious Weida becoming an indirect wholly-owned subsidiary of the Company again.

Following completion of the above fund raising arrangement, the equity interest of Fuda Nantong in Glorious Weida has decreased from 100% to 50.45% and will remain as such during the two-year term of the Trust Scheme, and therefore gave rise to a deemed disposal 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 deemed disposal exceed 5% but are less than 25%, such deemed disposal constitutes a discloseable transaction for the Company under the Listing Rules.

BACKGROUND

The Board is pleased to announce that Glorious Weida (an indirect wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of Fuda Nantong) has successfully raised RMB1.67 billion through the Trust Scheme established by Jiangsu Trust.

The Trust Scheme was established to raise RMB fund for Glorious Weida pursuant to the Co-operation Framework Agreement entered into among Fuda Nantong (an indirect wholly-owned subsidiary of the Company), Shanghai Xintai (an indirect wholly-owned subsidiary of the Company), Glorious Weida and Jiangsu Trust on 8 October 2010.

In connection with the Co-operation Framework Agreement, Jiangsu Trust, Fuda Nantong and Glorious Weida also entered into the Capital Increase Agreement on 9 October 2010, pursuant to which, each of Fuda Nantong and Jiangsu Trust has agreed to contribute to the increase of the registered capital of Glorious Weida. Following completion of the capital increase, the equity interest in Glorious Weida would be held as to 50.45% by the Company (through Fuda Nantong) and as to 49.55% by Jiangsu Trust.

PRINCIPAL TERMS

The principal terms of the Co-operation Framework Agreement and the Capital Increase Agreement are as follows:

Establishment of the Trust Scheme

Fuda Nantong, Shanghai Xintai, Glorious Weida and Jiangsu Trust intend to have Jiangsu Trust establish the Trust Scheme for a term of two years to invest in Glorious Weida. It is expected that the size of the Trust Scheme would not be more than RMB1.67 billion with 1.67 billion trust units, of which: (a) the general public, as the preferential investors, would subscribe for not more than 1.25 billion trust units; and (b) Fuda Nantong, as the subordinated investor, would subscribe for 420 million trust units. All fund raised under the Trust Scheme would be used to invest in Glorious Weida for its development of the Nantong Royal Bay Project.

The Trust Scheme was established on 9 October 2010 with RMB1.67 billion raised and 1.67 billion trust units sold.

Fuda Nantong and Shanghai Xintai have jointly and severally undertaken that, upon expiry of the two years' term of the Trust Scheme, Fuda Nantong and/or Shanghai Xintai will purchase all trust units held by the preferential investors (the "**Purchase Undertaking**"). The consideration payable would be calculated based upon the following formula:

$$\text{Consideration} = \frac{\text{Monetary amount of trust units held by}}{\text{preferential investors}} \times (1 + (\text{Expected Return Rate} \times 2))$$

To secure performance of the Purchase Undertaking by Fuda Nantong and Shanghai Xintai, (i) Fuda Nantong has agreed to enter into a pledge agreement to pledge the 50.45% equity interest in Glorious Weida to be held by it after the capital increase in favour of Jiangsu Trust, and (ii) Glorious Weida has agreed to enter into a pledge agreement to pledge the land use right over the land where the Nantong Royal Bay Project is located in favour of Jiangsu Trust.

After Fuda Nantong and/or Shanghai Xintai have fulfilled the Purchase Undertaking and paid all fees and expenses in relation to the Trust Scheme, Jiangsu Trust will distribute the 49.55% equity interest in Glorious Weida held by it, being the only asset under the Trust Scheme, to Fuda Nantong and/or Shanghai Xintai, and such distribution will be effected by way of transfer of such 49.55% equity interest from Jiangsu Trust to Fuda Nantong and/or Shanghai Xintai at a nominal consideration of RMB1.00.

Capital Increase

Fuda Nantong has agreed to make a capital contribution of RMB181 million to Glorious Weida within 10 Business Days after the establishment of the Trust Scheme.

Jiangsu Trust has agreed to make a capital contribution of RMB1.67 billion to Glorious Weida after the following conditions have been fulfilled:

1. all representations and warranties given by Fuda Nantong and Glorious Weida in the Capital Increase Agreement remain true and accurate in all material respects, and all duties and obligations of Fuda Nantong and Glorious Weida due as at the date of the Capital Increase Agreement having been performed and complied with;
2. the transactions contemplated under the Capital Increase Agreement are permissible under all applicable laws, regulations and supervisory rules as at the date of the Capital Increase Agreement;
3. Fuda Nantong and Glorious Weida having obtained the valid resolutions to approve the capital increase contemplated under the Capital Increase Agreement in compliance with all necessary internal approval procedures;
4. Jiangsu Trust and Fuda Nantong having agreed to the amendments to the articles of association of Glorious Weida and having signed the revised articles of association of Glorious Weida with such amendments incorporated;
5. Jiangsu Trust having received an undertaking letter from a bank which Glorious Weida has maintained the bank account (account number: 4901014210001267) undertaking that the bank will not effect any transfer of fund from such bank account before: (i) Glorious Weida has provided to Jiangsu Trust with a capital verification certificate in respect of the amount contributed by Jiangsu Trust and a copy of an updated register of members; and (ii) completion of the registration procedures in respect of the capital contribution with the Administration for Industry & Commerce; and
6. the Trust Scheme having been established and remains effective, and Jiangsu Trust having received all fund raised under the Trust Scheme.

If any of the above conditions is not fulfilled within 30 days of the date of the Capital Increase Agreement, Jiangsu Trust will have the right to terminate the Capital Increase Agreement.

As at the date of this announcement, all conditions precedent have been fulfilled. Both Fuda Nantong and Jiangsu Trust have made the relevant capital contribution to Glorious Weida.

The capital contribution amount payable by each of Jiangsu Trust and Fuda Nantong under the Capital Increase Agreement was arrived at after arm's length negotiations based on the monetary amount of the Trust Scheme.

Glorious Weida was established in January 2010. Based upon the management account of Glorious Weida prepared in accordance with the PRC accounting standards, as at 31 August 2010, Glorious Weida had a net asset value of approximately RMB1,515.8 million. The net loss of Glorious Weida was approximately RMB3.2 million for the period from the date of incorporation to 31 August 2010.

REASONS AND BENEFITS

The Directors are of the view that, with the Purchase Undertaking and the subsequent distribution of asset under the Trust Scheme in place, the transactions contemplated under the Co-operation Framework Agreement and the Capital Increase Agreement are effectively a fund raising arrangement for the Group. The commercial intention for entering into the Co-operation Framework Agreement and the Capital Increase Agreement was to enable the Group to obtain financing from, and to grant collateral for such financing to, Jiangsu Trust in order to obtain significant funding for Glorious Weida to develop its Nantong Royal Bay Project. After the fulfillment of the Purchase Undertaking and the distribution of asset under the Trust Scheme upon the expiry of the Trust Scheme in two years, Glorious Weida would again become an indirect wholly-owned subsidiary of the Company.

The Directors (including the independent non-executive Directors) are of the view that the Capital Increase Agreement was entered into in the ordinary and usual course of business of the Company and that the terms of the Capital Increase Agreement and the transactions contemplated under it are on normal commercial terms, which are fair and reasonable and are in the best interest of the Company and its shareholders as a whole.

The Co-operation Framework Agreement and the Capital Increase Agreement were signed by the relevant parties on 8 October 2010 and 9 October 2010 respectively, yet the complete signed copies of such agreements were not provided to the Company until after trading hours on 15 October 2010, hence causing a delay in the publication of this announcement. The Company has always endeavoured to ensure timely publication of this announcement as soon as it became aware of the execution of the Co-operation Framework Agreement and the Capital Increase Agreement, and will continue to take steps, such as conducting training sessions for the relevant personnel of the Group and sending further internal guidelines to all subsidiaries of the Company, to prevent similar incident in the future.

INFORMATION ON THE GROUP AND JIANGSU 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 developed or is developing projects in eleven key economic cities across the PRC, namely Shanghai, Tianjin, Beijing, Hefei, Shenyang, Harbin, Changchun, Wuxi, Nanjing, Suzhou and Nantong.

As far as the Company is aware and after making reasonable enquiries, Jiangsu Trust is a corporation established under the laws of the PRC. The principal businesses of Jiangsu Trust include operation of asset trusts, non-asset trusts, security trusts and other types of trust.

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

IMPLICATIONS UNDER THE LISTING RULES

Following completion of the above fund raising arrangement, the equity interest of Fuda Nantong in Glorious Weida has decreased from 100% to 50.45% and will remain as such during the two-year term of the Trust Scheme, and therefore gave rise to a deemed disposal 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 deemed disposal exceed 5% but are less than 25%, such deemed disposal constitutes 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
“Business Day”	any day (other than Saturday, Sunday or a public holiday) on which banks in Hong Kong and the PRC are open generally for normal banking businesses
“Capital Increase Agreement”	an agreement dated 9 October 2010 entered into among Jiangsu Trust, Fuda Nantong and Glorious Weida in relation to the capital increase of Glorious Weida
“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 Framework Agreement”	an agreement dated 8 October 2010 entered into among Fuda Nantong, Shanghai Xintai, Glorious Weida and Jiangsu Trust in relation to the co-operation arrangement for setting up of the Trust Scheme
“Directors”	the directors of the Company
“Expected Return Rate”	8.50% for the preferential investors who subscribed for trust units in an amount of equal to or more than RMB3 million in a single subscription or 8.00% for the other preferential investors
“Fuda Nantong”	富達房地產開發(南通)有限公司 (Fuda Real Estate Development (Nantong) Co, Ltd.*), a company established under the laws of the PRC, which is an indirect wholly-owned subsidiary of the Company
“Glorious Weida”	恒盛煒達(南通)房地產開發有限公司 (Glorious Weida (Nantong) Property Development Co., Ltd.*), a company established under the laws of the PRC, which was an indirect wholly-owned subsidiary of the Company before the capital increase

“Group”	the Company and its subsidiaries
“Jiangsu Trust”	江蘇省國際信託有限責任公司 (Jiangsu International Trust Corporation Limited*), a limited company established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nantong Royal Bay Project”	the large-scale residential property project to be developed by Glorious Weida located in Nantong, Jiangsu province, the PRC
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Trust Scheme”	a scheme of trust set-up by Jiangsu Trust on 9 October 2010 for the purpose of raising fund to invest in Glorious Weida

* For identification purpose only.

By order of the Board
Glorious Property Holdings Limited
Ching Yu Lung
Company Secretary

Hong Kong, 18 October 2010

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