DISCLOSEABLE TRANSACTIONS

On 11th June 2009, the Vendor, the Purchaser, the Guarantor and the Company entered into the Acquisition Agreement pursuant to which the Purchaser shall acquire the Sale Share and the Sale Loan from the Vendor. After Completion, Target Company will become a wholly-owned subsidiary of the Company.

As one of the percentage ratios for the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

According to the Acquisition Agreement, Shanghai Xintai, WOFE, the Guarantor and Project Company shall also on Completion enter into the Entrustment Agreement pursuant to which Project Company shall entrust the management of the construction and sale of the Developments as well as the other daily operations of Project Company to Shanghai Xintai during the Entrustment Period.

According to the Acquisition Agreement, Shanghai Xintai, WOFE, Project Company, the Guarantor and the Company shall on Completion enter into the PRC Acquisition Agreement whereby Shanghai Xintai shall be granted an exclusive call option and WOFE shall be granted an exclusive put option in respect of the entire equity interest in Project Company such that upon exercise of the options on the Options Exercise Date, WOFE shall sell and Shanghai Xintai (or such person or persons nominated by it) shall purchase the entire equity interest in Project Company held by WOFE.

As one of the percentage ratios for the PRC Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the PRC Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules.
THE ACQUISITION AGREEMENT

Date
11th June 2009

Parties

Vendor: Bright New Investments Limited

Purchaser: S.I. Properties Holdings Limited 上實地產控股有限公司

Vendor’s Guarantor: the Guarantor

Purchaser’s Guarantor: the Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Vendor, its ultimate beneficial owners as well as the Guarantor are independent of the Company and its connected persons as defined under the Listing Rules.

Asset to be acquired

Subject to the terms and conditions of the Acquisition Agreement, the Purchaser has conditionally agreed to acquire the Sale Share and the Sale Loan.

The Sale Share represents the entire issued share capital of Target Company. The Sale Loan comprises the entire amount owing by Target Company to the Vendor and outstanding as at the date of Completion.

Consideration

The Purchaser shall pay to the Vendor (a) an amount being the US$ Equivalent of RMB1,300 million (equivalent to approximately HK$1,477 million) on the Completion Date ("First Consideration") and (b) an amount being the US$ Equivalent of RMB700 million (equivalent to approximately HK$795 million) ("Second Consideration") within five Business Days of receipt by the Purchaser of a notice from the Vendor that the Second Payment Conditions (as defined in the section titled “Conditions to Payment of Second Consideration” in the section titled “The Acquisition Agreement” in this announcement) have been fulfilled or waived by the Purchaser. For the avoidance of doubt, if all the Second Payment Conditions are not fulfilled or waived, the Purchaser is not obligated to pay the Second Consideration, and the First Consideration represents the full settlement of the Purchaser’s obligations to pay the consideration for the Sale Share and the Sale Loan to the Vendor.
The consideration under the Acquisition Agreement was determined following arm’s length negotiations between the Vendor and the Purchaser after taking into account the market value of the Developments in their existing state.

**Conditions to Completion**

Completion is conditional upon the fulfillment (or written waiver by the Purchaser) of the following conditions (the “Completion Conditions”):

(a) the Reorganisation has been duly completed in all respects to the satisfaction of the Purchaser and the Purchaser shall have received the agreements and documents in connection with the Reorganisation as set out in the Acquisition Agreement (including a PRC legal opinion on, inter alia, (i) the completion of the onshore part of the Reorganisation in accordance with all applicable PRC laws and regulations, (ii) the registration and approval of the transfer of the Project by Shanghai Xintai to the Project Company at the PRC property trading and management authorities (房地產交易管理機構) in accordance with all applicable PRC laws, (iii) the legality and effectiveness of the Entrustment Agreement, (iv) in the event that the relevant PRC authorities do not grant the approval of the development of the infrastructure construction project (如皋市長江鎮基礎設施建設的項目) which WOFE has applied for such that WOFE cannot commence business in accordance with the business scope set out in its business licence, under such circumstances, there is no risk that the business licence of WOFE will be revoked by the relevant PRC authorities on the basis that its only activity is the holding of Project Company; and (v) up to the date of the PRC Legal Opinion, all of the changes to the business scope of the Project Company as stated in the business licence are legally valid and have been registered with the relevant PRC authorities), each in form and substance satisfactory to the Purchaser;

(b) the warranties and representations made by the Vendor and the Guarantor in the Acquisition Agreement being accurate in all respects as at the date of the Acquisition Agreement and as of the Completion Date as if made on the Completion Date;

(c) each of the covenants and obligations set forth in the Acquisition Agreement that the Vendor and Target Company are required to comply with or perform at or prior to the Completion shall have been complied with or performed in all respects;

(d) all consents (including but not limited to consents from creditors of Shanghai Xintai), approvals, orders or authorizations of, or registrations, declarations or filings with any person required in connection with the execution, delivery or performance hereof shall have been obtained or made and shall be in full force and effect, in each case in form and substance satisfactory to the Purchaser;

(e) copies of the Audited Accounts and the Management Accounts having been delivered to the Purchaser in accordance with the Acquisition Agreement;
(f) the injection of US$3 million (equivalent to approximately HK$23.4 million) into WOFE as capital injection and the Purchaser shall have received the capital verification report of WOFE verifying the injection of such capital;

(g) the Purchaser shall have received evidence showing the consideration for the acquisition of Project Company by WOFE has been paid;

(h) the Purchaser shall have received evidence showing the repayment of other receivable of approximately RMB18.1 million (equivalent to approximately HK$20.6 million) as stated in the Audited Accounts to Project Company;

(i) the Hotel Second Mortgage has been duly registered at the relevant PRC authorities;

(j) no temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transactions contemplated hereby shall have been issued by any Governmental Authority, and there shall not be any law enacted or deemed applicable that makes the Completion illegal;

(k) the Purchaser shall have completed the due diligence review of the Target Group and the Purchaser being satisfied with the results of such due diligence review in all material respects;

(l) there is no Material Adverse Change in the business, prospects and financial position of the members of the Target Group, the Property, the Project or the assets of members of the Target Group;

(m) the Purchaser shall have received a copy of the Glorious Property Accounts;

(n) the Purchaser shall have received a copy of the consent letter from the representative of the holders of the notes issued by Glorious Property on 2nd November 2007 and 17th December 2007 regarding the transactions contemplated under the Transaction Documents; and

(o) the Purchaser shall have received each of the agreements and documents set out in the Acquisition Agreement which are to be delivered or made available to the Purchaser at Completion, each in form and substance satisfactory to the Purchaser.

The Purchaser may in its sole discretion waive in writing in whole or in part all or any of the Completion Conditions. In the event that (i) any of the Completion Conditions set out in (a), (d), (e), (k), (m) or (n) above shall not be satisfied on or prior to the Long Stop Date or (ii) not all the Completion Conditions have been fulfilled or waived by the Purchaser by no later than 9:00 a.m. on the Completion Date, the Acquisition Agreement shall become null and void and of no further effect whatsoever and neither party shall have any claims whatsoever against the other parties.

If, on or before Completion, the Governmental Authority or other competent authority shall acquire or give notice of acquisition or resumption or intended acquisition or resumption of the Property or any part thereof, the Vendor shall immediately give written notice thereof to the Purchaser and the
Purchaser may in its discretion rescind the Acquisition Agreement by giving prior written notice thereof to the Vendor and thereupon the Acquisition Agreement shall become null and void and of no further effect whatsoever and neither party shall have any claims whatsoever against the other parties.

**Conditions to Payment of Second Consideration**

The Purchaser’s obligation to make the payment of the Second Consideration is subject to the satisfaction or written waiver by the Purchaser of the following conditions (the “**Second Payment Conditions**”):

(a) the Purchaser shall have received the agreements and documents as set out in the Acquisition Agreement (including the Property Transfer Agreement and a PRC legal opinion on, inter alia, the approval and registration of the transfer of Blocks 9 & 10 Development to Project Company at the PRC property trading and management authorities (房地產交易管理機構) in accordance with all applicable PRC laws and regulations), each in form and substance satisfactory to the Purchaser;

(b) no temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the transfer of Blocks 9 & 10 Development shall have been issued by any Governmental Authority, and there shall not be any law enacted or deemed applicable that makes the transfer of Blocks 9 & 10 Development illegal;

(c) the warranties and representations made by the Vendor and the Guarantor in relation to Blocks 9 & 10 Development in the Acquisition Agreement being accurate as of the Second Payment Date as if made on the Second Payment Date; and

(d) there is no Material Adverse Change in the business, prospects and financial position of Blocks 9 & 10 Development.

If all the Second Payment Conditions are not fulfilled or waived by the Purchaser by the Long Stop Date or such later date as the Vendor and the Purchaser may agree in writing, the Purchaser is not obligated to pay the Second Consideration.

**Completion**

Subject to the provisions of the Acquisition Agreement and the fulfilment (or waiver by the Purchaser) of the Completion Conditions, Completion shall take place on the Completion Date. After Completion, Target Company shall become a wholly-owned subsidiary of the Company.

At Completion, the relevant parties shall also enter into the PRC Acquisition Agreement and the Entrustment Agreement. Further particulars of these agreements are set out in the sections titled “The PRC Acquisition Agreement” and “The Entrustment Agreement” in this announcement below.
Arrangements regarding Block 6 Development

If Block 6 Development is developed to the stage that it can be pledged (that is Certificate of Real Estate Ownership (房地產權證), Plot Planning Permission (建設用地規劃許可證), Construction Project Planning Permission (建設工程規劃許可證), Building Construction Permit (建筑工程施工許可證) are obtained) prior to 31st December 2011, the Vendor agreed to pledge Block 6 Development in favour of WOFE for a pledge value of RMB350 million (equivalent to approximately HK$398 million) (“Block 6 Development Pledge”), and the Vendor shall procure Shanghai Xintai to execute the pledge document in favour of WOFE as soon as practicable. If Block 6 Development is developed to the stage that it can be pre-sold, the Purchaser and WOFE shall agree to the pre-sale of Block 6 Development and the proceeds from such pre-sale shall be deposited into the designated account of Project Company as provided for in the Entrustment Agreement. The Purchaser agreed to unconditionally release Block 6 Development Pledge (and shall procure WOFE to immediately execute such necessary documentation for the release of Block 6 Development Pledge) upon the pre-sale proceeds reaching the amount of RMB350 million (equivalent to approximately HK$398 million) actually received by Project Company or upon the acquisition of the entire equity interest of Project Company by Shanghai Xintai in accordance with the PRC Acquisition Agreement. Shanghai Xintai shall be entitled to such amount of the pre-sale proceeds in excess of RMB350 million (equivalent to approximately HK$398 million) actually received by Project Company. In the event that on 31st December 2011, Block 6 Development is not developed to the stage that it can be pledged and that Shanghai Xintai does not acquire the entire equity interest of Project Company in accordance with the PRC Acquisition Agreement, the Vendor shall procure Shanghai Xintai to pay RMB350 million (equivalent to approximately HK$398 million) to WOFE.

Guarantees

The Guarantor entered into the Acquisition Agreement to provide the representations and warranties jointly and severally with the Vendor and to guarantee the due and punctual performance and discharge by the Vendor of all obligations due, owing or incurred to the Purchaser by the Vendor under or pursuant to the Acquisition Agreement.

The Guarantor further warranted and undertook to the Purchaser and the Company that during the period from the date of the Acquisition Agreement until the latest of (i) the date of completion of the PRC Acquisition, (ii) the receipt by WOFE of all amounts payable to it pursuant to the Entrustment Agreement, and (iii) 31st December 2011, he shall at all times maintain sufficient net worth to fulfill all his obligations under the Transaction Documents and remain as a majority shareholder of Glorious Property holding at least 51% shareholding interest.

The Company entered into the Acquisition Agreement to guarantee the due and punctual performance and discharge by the Purchaser of all its obligations under or pursuant to various clauses of the Acquisition Agreement.
Arrangement in relation to a Listing

The Company agreed and acknowledged in the Acquisition Agreement that the following arrangements may not be acceptable to the Stock Exchange on which Glorious Property may seek to list: (i) the guarantee provided or to be provided by the Guarantor under the Transaction Documents ("Guarantor’s Guarantee"), (ii) the second mortgage over the Hotel in favour of WOFE ("Hotel Second Mortgage"), and (iii) the Block 6 Development Pledge. In the event that the Stock Exchange finds the Guarantor’s Guarantee unacceptable in relation to a proposed Listing, the Guarantor shall procure a guarantee to be executed by Glorious Property (to take effect upon such Listing) in exchange for the release of the Guarantor’s Guarantee under the Transaction Documents upon such Listing. The Company also agreed to unconditionally release the Hotel Second Mortgage upon such Listing (or such earlier time as the Stock Exchange may request). In relation to the aforesaid, the Company shall, and shall procure its relevant Affiliates to, execute all such documents in order to give effect to such releases as soon as practicable. In relation to such other rights that are not acceptable to the Stock Exchange (including the Block 6 Development Pledge), the Vendor, the Guarantor and the Company agreed to work together in good faith to formulate suitable arrangements in exchange for the Company or its relevant Affiliates waiving and/or (as appropriate) relinquishing such arrangements pursuant to the Acquisition Agreement in accordance with the then agreed arrangements to allow a Listing to proceed or otherwise pursuant to the requirements of the Stock Exchange, and the Company shall, and shall procure its relevant Affiliates to, execute all such documents in order to give effect to such release as soon as practicable.

TRANSFER OF BLOCKS 9 & 10 DEVELOPMENT

One of the Second Payment Conditions is the receipt by the Purchaser of the Property Transfer Agreement entered into between Shanghai Xintai and Project Company. It is expected that the Property Transfer Agreement shall contain, inter alia, the following terms:

Subject matter

Pursuant to the Property Transfer Agreement, Shanghai Xintai shall transfer Blocks 9 & 10 Development to Project Company. The parties thereto agree that Shanghai Xintai shall as soon as possible arrange that the relevant construction in progress approval documents in respect of Blocks 9 & 10 Development be changed to the name of Project Company.

In the event that it is allowed under laws and regulations and by the relevant approving authority and is mutually agreed between Shanghai Xintai and Project Company, Shanghai Xintai may choose not to attend to the relevant change of name procedures mentioned above.

Consideration

The consideration for the transfer of Blocks 9 & 10 Development shall be RMB700 million (equivalent to approximately HK$795 million) which shall be payable at such time as Shanghai Xintai and Project Company shall separately agree. Please refer to the section titled “Arrangements regarding the consideration under the Development Transfers” in the section titled
“The Entrustment Agreement” in this announcement regarding the treatment of the consideration under the Project Transfer Agreement.

Transfer of rights and obligations

Shanghai Xintai shall be responsible for all construction fees, project inspection and control fees as well as other fees incurred prior to the registration by the relevant PRC property trading and management authority (房地產交易管理機構) of the transfer of Blocks 9 & 10 Development pursuant to the Property Transfer Agreement whereas Project Company shall be responsible for such fees after the registration by the relevant PRC property trading and management authority (房地產交易管理機構) of the transfer of Blocks 9 & 10 Development pursuant to the Property Transfer Agreement and shall be paid by Shanghai Xintai and treated as accounts payables of Project Company.

Termination

The Property Transfer Agreement may be terminated upon any of the following events:

(a) by mutual agreement between the parties to the Property Transfer Agreement;

(b) by written notice given by the non-defaulting party if the defaulting party fails to perform its main obligations under the Property Transfer Agreement within 30 days after written notice has been served on it by the non-defaulting party.

In the event of (b) above, the Property Transfer Agreement will be terminated with effect from the date when the written notice is served to the defaulting party and the non-defaulting party may request the Defaulting Party to be liable for the breach.

Delay in completion of the construction of Blocks 9 & 10 Development

If Project Company is penalized by the relevant PRC authorities due to the fact that the construction of Blocks 9 & 10 Development cannot be completed within the specified time in accordance with the relevant State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同), Shanghai Xintai shall be held responsible and shall pay all relevant penalties to the relevant lands administrative authorities on Project Company’s behalf and other related damages.

Taxation

Any tax or statutory fees incurred by Project Company under PRC law in connection with the transactions under the Property Transfer Agreement will be fully reimbursed by Shanghai Xintai. If Shanghai Xintai fails to make full reimbursement to WOFE within seven days after the issue of a written notice by WOFE, interest will accrue on a daily basis on the unpaid amount at the lending rate for loans of one year as quoted by the People’s Bank of China plus 20%.
INFORMATION ON THE TARGET GROUP

Target Company

Target Company was incorporated in the BVI on 25th February 2009 and is a wholly-owned subsidiary of the Vendor. So far as the Company is aware, other than its wholly-owned subsidiaries HK Holdco, WOFE and Project Company, Target Company has no material asset, has not carried out any business operation since its incorporation and was acquired by the Vendor for the purpose of acting as the holding company of the Target Group.

Prior to Completion, the Target Group shall undergo a reorganization pursuant to which the structure of Target Group shall be as set out in the structure chart below:

HK Holdco is a company incorporated in Hong Kong on 3rd March 2009 and is a direct wholly-owned subsidiary of Target Company.

WOFE is a wholly-owned foreign enterprise established in the PRC on 27th April 2009 with a registered share capital of US$3 million (equivalent to approximately HK$23.4 million) and is a direct wholly-owned subsidiary of HK Holdco. According to the business licence of WOFE, its business scope is the construction of roads, pipeline network, street lamps and afforestation. However, it is intended that the sole business activity to be carried out by WOFE will be the holding of Project Company.

WOFE

100%

HK Holdco

100%

Target Company

100%

Vendor
Project Company is a limited liability company established in the PRC on 26th May 2008 with a registered share capital of RMB20 million (equivalent to approximately HK$22.7 million) and is a direct wholly-owned subsidiary of WOFE.

According to the Acquisition Agreement, each of the members of the Target Group has not carried on any business save for the holding of the Property and the Project by the Project Company, the development of the Project and the operations carried out in the ordinary course of business for the development of the Project.

According to information provided by the Vendor, the audited total asset value and net asset value of Project Company as at 31st December 2008 was RMB20,034,115 (equivalent to approximately HK$22,756,000) and RMB20,010,865 (equivalent to approximately HK$22,729,000) respectively and the audited net profits before and after taxation of Project Company for the year ended 31st December 2008 were both RMB10,865 (equivalent to approximately HK$12,341).

As it is intended that Shanghai Xintai shall buy back all shareholding interest in Project Company on 31st December 2011 and the operations of Project Company will be entrusted to Shanghai Xintai during the period from the Completion Date to 31st December 2011, Project Company shall consist of 7 directors of which 2 will be nominated by Shanghai Xintai and the quorum for convening a board meeting of Project Company shall be 6 directors. The articles of Project Company shall contain provisions requiring the approval of all directors of Project Company present at the relevant board meetings in the following events:

1. merger by absorption or consolidation, provision of loans and guarantees to third parties, disposal, transfer, pledge of or otherwise deal with the assets, business or income of Project Company;

2. borrowing and other acts which will increase liabilities of Project Company’s liabilities (save for the Account Payables and the consideration for the Development Transfers and the RMB350 million (equivalent to approximately HK$398 million) payable by Shanghai Xintai to WOFE under the Block 6 Development Pledge);

3. alteration of the name, registered capital, business scope and operation period of Project Company and proposing to shareholders through the board to amend the articles;

4. the merger, demerger (分立), voluntary liquidation, dissolution, winding up and deregistration of Project Company;

5. the entering into of or amending agreements relating to the shareholding, assets and operations of Project Company;

6. conduct any form of profits distribution;

7. conduct any business activities other than the development and operation of the Developments;
the employment or dismissal of the general manager (總經理) of Project Company; and

formulating or amending the fundamental management policies of Project Company.

All matters not related to the above shall be proposed at board meetings jointly by the chairman and the general manager, and shall be passed by a simple majority of the directors present at the meeting.

The Company has been advised by its auditors that in light of the nature of the Acquisition, the financials of Project Company will not be consolidated into the financials of the Group after Completion.

The Developments

The Developments comprise the developments of Block Nos. 2, 8, 9 and 10 of Shanghai Bay (尚海灣豪庭). According to the Acquisition Agreement, the Developments cover a total saleable gross floor area of approximately 103,520 sq.m..

The information below was extracted from the Acquisition Agreement and was supplied by the Vendor. According to the Acquisition Agreement, all the information below, including the number of phases, gross floor area and any commercial arrangements, is an estimation only and has been derived from the Vendor’s current plans and designs and is subject to change depending on the market demand, conditions and the certificates granted by the Governmental Authority at the prevailing time; and the Vendor does not guarantee that Shanghai Bay will be completed in accordance with the information provided below.

Shanghai Bay – Phases I, II and III (Binjiang Center) is located on Wan Ping South Road Xuhui District along the west side of the Huangpu River, overlooking the Shanghai World Expo Garden. The project is one of the largest integrated developments on the side of the Huangpu River. Construction of the subway leading to the Shanghai World Expo venue is under way and is expected to be completed by 2010. The project is adjacent to the Longhua Tourist City, which is one of the most attractive tourist and leisure spots in Shanghai. The project is also closely located to the Fenglin Biomedical Center, the third integrated business area after the Hongqiao Economic Development Zone and Lujiazui Central Financial District in Shanghai. The project occupies an aggregate site area of approximately 178,734 sq.m. and has a total planned gross floor area of approximately 927,609 sq.m..

THE PRC ACQUISITION AGREEMENT

Date

Expected to be the Completion Date
Parties

Vendor: WOFE
Purchaser: Shanghai Xintai
Subject company: Project Company
Vendor’s Guarantor: the Company
Purchaser’s Guarantor: the Guarantor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Shanghai Xintai and its ultimate beneficial owners are independent of the Company and its connected persons as defined under the Listing Rules.

Subject matter

Pursuant to the PRC Acquisition Agreement, Shanghai Xintai shall be granted an exclusive call option and WOFE shall be granted an exclusive put option in respect of the entire equity interest in Project Company. Shanghai Xintai and WOFE shall exercise their respective call option and put option on the Options Exercise Date such that WOFE shall sell and Shanghai Xintai (or such person or persons nominated by it) shall purchase the entire equity interest in Project Company held by WOFE and they shall enter into the Equity Transfer Agreement for this purpose within 30 days after the Options Exercise Date (“PRC Acquisition Completion Date”). In the event that Shanghai Xintai has not exercised its call option on the Options Exercise Date, WOFE shall have the right to issue a written notice to terminate the PRC Acquisition Agreement with immediate effect and exercise its rights set out in paragraphs (1) to (6) of the section titled “Default” in the section titled “The PRC Acquisition Agreement” in this announcement.

Consideration

The consideration for the PRC Acquisition is an amount equal to the RMB equivalent of the amount of consideration paid by the Purchaser under the Acquisition Agreement.

If from the date of the PRC Acquisition Agreement up to the PRC Acquisition Completion Date, the aggregate amount of the shareholding return and any shortfall amount actually distributed and/or paid by Project Company, Shanghai Xintai, the Vendor and the Guarantor to WOFE and the Purchaser after deducting the amount of the shareholding return actually received by WOFE and the Purchaser reaches an amount equal to the consideration under the PRC Acquisition, and all interests and taxation payable under the PRC Acquisition Agreement and the Entrustment Agreement have been paid, then such consideration would be deemed to have been paid in full.

If from the date of the PRC Acquisition Agreement up to the PRC Acquisition Completion Date, the aggregate amount of the shareholding return and any shortfall amount actually distributed and/or paid by Project Company, Shanghai Xintai, the Vendor and the Guarantor to WOFE and the
Purchaser after deducting the amount of the shareholding return actually received by WOFE and the Purchaser and after all interests and taxation payable under the PRC Acquisition Agreement and the Entrustment Agreement have been paid is less than the consideration under the PRC Acquisition, such shortfall shall first be settled by way of Project Company settling the consideration for the Development Transfers due and owing to Shanghai Xintai and the Account Payables and paying over such outstanding amount to WOFE, and if such amount is not sufficient to settle the shortfall amount in full, Shanghai Xintai shall pay up the deficit amount through its own resources in such legal manner as Shanghai Xintai and WOFE may mutually agree.

Shanghai Xintai shall be responsible for completing the relevant procedures regarding the distribution by Project Company to WOFE of the shareholding return for the 2011 financial year on or before 31st March 2012.

Warranties and undertakings from Shanghai Xintai

Shanghai Xintai is required to give certain warranties and undertakings pursuant to the PRC Acquisition Agreement, including but not limited to the following:

(a) it shall procure and ensure that the directors nominated by it to the board of Project Company shall vote in favour of resolutions in relation to the distribution of shareholding return and the method of payment of consideration under the PRC Acquisition Agreement proposed at the board meetings of Project Company;

(b) it shall not enter into any material agreements with Project Company without the prior written consent of WOFE.

Warranties and undertakings from WOFE

WOFE is required to give certain warranties and undertakings pursuant to the PRC Acquisition Agreement, including but not limited to the following:

(a) it shall procure and ensure that the directors nominated by it to the board of Project Company shall vote in favour of resolutions in relation to the distribution of shareholding return and the method of payment of consideration under the PRC Acquisition Agreement proposed at the board meetings of Project Company;

(b) it shall not enter into any material agreements with Project Company without the prior written consent of Shanghai Xintai;

(c) it shall appoint two persons nominated by Shanghai Xintai to be directors of Project Company and shall procure the board of Project Company to appoint persons nominated by Shanghai Xintai to be the general manager (總經理) and finance manager (財務經理) of Project Company and shall not replace the two directors nominated by Shanghai Xintai, namely the Guarantor and Cheng Lihong, without the prior written consent of Shanghai Xintai;
(d) it shall not enter into any material agreements in respect of Project Company and shall not agree to the merger or association of Project Company with any party, or the acquisition of any party by the Project Company, without the prior written consent of Shanghai Xintai.

Guarantee

The Guarantor shall enter into the PRC Acquisition Agreement to guarantee the due performance by Shanghai Xintai of its obligations thereunder and the Company shall enter into the PRC Acquisition Agreement to guarantee the due performance by WOFE and Project Company of their obligations thereunder.

If Glorious Property proposes to apply for Listing and during the course of application for Listing, the Stock Exchange is of the view that the guarantee provided by the Guarantor constitute an obstacle to Listing, Glorious Property shall on the date of Listing issue a guarantee to take up the obligations of the Guarantor under the PRC Acquisition Agreement and upon the issue of such guarantee by Glorious Property, the Guarantor’s guarantee under the PRC Acquisition Agreement shall immediately unconditionally be released.

Block 6 Development Pledge

The PRC Acquisition Agreement contains similar provisions relating to the Block 6 Development Pledge as those set out in the Entrustment Agreement. Please refer to the section titled “Block 6 Development Pledge” in the section titled “The Entrustment Agreement” in this announcement.

Hotel Second Mortgage

The PRC Acquisition Agreement contains similar provisions relating to the Hotel Second Mortgage as those set out in the Entrustment Agreement. Please refer to the section titled “Hotel Second Mortgage” in the section titled “The Entrustment Agreement” in this announcement.

Taxation matters

Any tax or statutory fees incurred by WOFE in connection with the transactions under the PRC Acquisition under PRC laws will be fully reimbursed by Shanghai Xintai. If Shanghai Xintai fails to make full reimbursement to WOFE within seven days after the issue of a written notice by WOFE, the Guarantor shall be responsible for making such reimbursement in full. If Shanghai Xintai or the Guarantor fails to make reimbursement in full within the stipulated time, interest will accrue on a daily basis on the unpaid amount at the lending rate for loans of one year as quoted by the People’s Bank of China plus 20%.
Default

During the term of the PRC Acquisition Agreement, if:

(a) WOFE shall have failed to observe or have materially breached any of its relevant warranties and undertakings under the PRC Acquisition Agreement;

(b) WOFE shall have failed to enter into the Equity Transfer Agreement with Shanghai Xintai and/or its nominee or transfer the entire equity interest of Project Company to Shanghai Xintai and/or its nominee due to the fault of WOFE;

(c) WOFE shall have failed to observe or have materially breached the relevant terms of the Entrustment Agreement which leads to the termination of the Entrustment Agreement,

Shanghai Xintai shall have the right to:

(a) issue a written notice requiring WOFE to take immediate remedial action and to fulfill its obligations under the PRC Acquisition Agreement and the Entrustment Agreement within 60 days;

(b) issue a written notice requiring WOFE to immediately sell the entire equity interest of Project Company if WOFE fails to take remedial action as mentioned in paragraph (a) above, and WOFE shall sell such equity interest of Project Company within 30 days at the consideration being the RMB equivalent of the amount of consideration paid by the Purchaser under the Acquisition Agreement;

(c) where WOFE fails to sell all equity interest of Project Company as mentioned in paragraphs (a) and (b) above, Shanghai Xintai may accelerate the exercise of its call option under the PRC Acquisition Agreement, and WOFE shall provide Shanghai Xintai with all necessary cooperation;

(d) upon the purchase of the entire equity interest in Project Company by Shanghai Xintai and/or its nominee as mentioned in paragraph (c) above, the consideration payable for the transfer of such equity interest shall be reduced by 8% as damages to Shanghai Xintai. In the event that the actual amount of damages determined exceeds 8% of the consideration payable for such transfer, such excess amount shall be paid by WOFE to Shanghai Xintai, and if 8% of the consideration payable for such transfer amount of actual damages exceeds the actual amount of damages determined, Shanghai Xintai shall repay the the excess amount to WOFE within 3 months.

During the term of the PRC Acquisition Agreement, if:

(a) Shanghai Xintai shall have failed to purchase the entire equity interest in Project Company due to material litigation, arbitration or administrative penalty;
(b) Shanghai Xintai shall have failed to ensure that Project Company distribute the shareholding return in accordance with the Entrustment Agreement and Shanghai Xintai, the Guarantor or the Vendor failed to reimburse WOFE or the Purchaser of the shortfall amount and the Guarantor has also failed to honour his guarantee obligations;

(c) Shanghai Xintai shall have failed to pay the Account Payables in accordance with the Entrustment Agreement and thereby causing Project Company to be involved in material litigation or arbitration proceedings;

(d) Shanghai Xintai or the Guarantor shall have failed to pay the consideration for the PRC Acquisition in accordance with the PRC Acquisition Agreement and the Guarantor fails to perform his guarantee obligations;

(e) Shanghai Xintai shall have failed to reimburse the tax, expenses and fees in accordance with the PRC Acquisition Agreement, and the Guarantor fails to perform his guarantee obligations;

(f) Shanghai Xintai shall have failed to observe or have materially breached any of its relevant warranties and undertakings under the PRC Acquisition Agreement;

(g) Shanghai Xintai shall have materially breached any of its relevant warranties and undertakings under the Entrustment Agreement,
Company is required for WOFE exercising the rights set out above, the two directors nominated by Shanghai Xintai to the board of Project Company shall vote in favour of the resolutions and shall sign all necessary documents and provide all necessary assistance;

(2) they shall waive payment by WOFE and Project Company of the consideration under the Development Transfers and the Account Payables;

(3) if the total costs of the Developments available for appreciation tax deductions is less than RMB1,600 million (equivalent to approximately HK$1,817 million), immediately pay to WOFE the shortfall amount;

(4) in the event that the net proceeds received by WOFE from the sale of the entire interest of Project Company, the disposal of Project Company’s assets and/or creditors’ rights and the compensation under the PRC Acquisition Agreement are less than the Entitled Income, they shall reimburse WOFE of the shortfall amount;

(5) in the event that the net proceeds received by WOFE from the sale of the entire interest of Project Company, the disposal of Project Company’s assets and/or creditors’ rights and the compensation under the PRC Acquisition Agreement exceed the Entitled Income, WOFE shall: (i) in the case of sale of the entire interest of Project Company, return the excess amount to Shanghai Xintai; (ii) in the case of disposal of Project Company’s assets and/or creditors’ rights, retain the excess amount in Project Company and if requested by Shanghai Xintai, transfer the entire equity interest in Project Company to Shanghai Xintai at nil consideration.

For the purpose of the above, “Entitled Income” shall include: (1) the consideration under the PRC Acquisition Agreement and the default interest for the period from the date of the issuance of the Remedial Notice up to the actual payment date at the rate of 18% per annum; (2) the aggregate amount of the Penalty Payment (if any), the tax and statutory fees to be reimbursed under the agreement relating to the Property Transfer as well as the Property Transfer Agreement, the PRC Acquisition Agreement and the Entrustment Agreement together with interest (if any), the unpaid shareholding return under the Entrustment Agreement together with interest (if any).

Termination

The PRC Acquisition Agreement may be terminated upon the following events:

(a) by mutual agreement between the parties to the PRC Acquisition Agreement;

(b) Shanghai Xintai shall have failed to exercise its call option on or prior to 1st December 2011 or such other date as agreed between the parties to the PRC Acquisition Agreement;
(c) WOFE terminating the PRC Acquisition Agreement in accordance with the provisions of the PRC Acquisition Agreement as mentioned in the section titled “Default” in the section titled “The PRC Acquisition Agreement” in this announcement.

**Equity Transfer Agreement**

Pursuant to the exercise of the call option and put option under the PRC Acquisition Agreement, WOFE and Shanghai Xintai shall enter into the Equity Transfer Agreement pursuant to which WOFE shall transfer all equity interest held by it in Project Company to Shanghai Xintai. Upon the signing of the Equity Transfer Agreement, the Company shall comply with the relevant Listing Rules requirements with respect to notifiable transactions including the issuing of an announcement setting out the details of the Equity Transfer Agreement if required.

**THE ENTRUSTMENT AGREEMENT**

**Date**

Expected to be the Completion Date

**Parties**

Project Company, Shanghai Xintai, WOFE, the Vendor, the Purchaser and the Guarantor

**Subject matter**

Pursuant to the Entrustment Agreement, Project Company shall entrust the management of the construction and sale of the Developments as well as the other daily operations of Project Company to Shanghai Xintai for a period commencing from the date of the Entrustment Agreement up to the date of happening of a termination event as specified in the Entrustment Agreement (the “Entrustment Period”). Pursuant to the Entrustment Arrangement, Shanghai Xintai shall be solely responsible for various directions and decisions relating to financial and operational matters regarding the construction and operations of the Developments as well as the management of personnel in connection with the construction and operations of the Developments. During the Entrustment Period, Project Company shall not engage any other person to manage the construction, operations and financial matters in connection with the Developments.

The board of directors of Project Company shall within five days after the signing of the Entrustment Agreement undergo a reorganization such that WOFE shall appoint seven directors to Project Company, five of which are to be nominated by WOFE (one of which shall act as the chairman and legal representative of Project Company) and the remaining two are to be nominated by Shanghai Xintai (one of which shall act as the vice-chairman of Project Company). WOFE shall also appoint two supervisors (監事) to Project Company, one of which shall be a person nominated by WOFE and the other by Shanghai Xintai. During the Entrustment Period, the board and the supervisors of Project Company shall exercise their powers in accordance with the company
The management of Project Company shall also within five days after the reorganization of the board of the Project Company as mentioned above undergo a reorganization such that the daily management and operations of Project Company will be overseen by a director nominated by Shanghai Xintai acting as the general manager (總經理) and either a person nominated by WOFE, or a person nominated by Shanghai Xintai as agreed by WOFE shall act as finance manager (財務經理) of Project Company.

During the Entrustment Period, the Project Company shall with the approval of the full board open a jointly-controlled bank account for the purpose of receiving and paying all funds in connection with the operations of Project Company, which account shall be jointly operated and managed by a representative nominated by Shanghai Xintai to the Project Company and a representative nominated by WOFE to the Project Company.

During the Entrustment Period, Shanghai Xintai shall be responsible for all construction and installation fees (including renovations fees), basic construction fees, outstanding land premium (if any) in respect of the Developments, which amounts shall be treated as account payables in Project Company’s accounts (“Account Payables”). Unless unanimously agreed by the board of Project Company, Shanghai Xintai and its associates shall not demand repayment of such Account Payables, except Shanghai Xintai may in writing direct Project Company to pay the Account Payables to WOFE for settlement of (i) the shortfall in the amount of the shareholding return payable under the Entrustment Agreement as described below or (ii) the consideration payable under the PRC Acquisition Agreement.

If during the Entrustment Period Shanghai Xintai proposes and the board of Project Company unanimously agrees to increase new development projects for Project Company, Shanghai Xintai shall manage the development and operations of the new projects in accordance with the relevant provisions of the Entrustment Agreement after the transfer of such new development project has been registered in the name of Project Company at the PRC property trading and management authorities (房地産交易管理機構).

During the Entrustment Period, the business activities of Project Company are restricted to the development and operations of the Developments, and shall not carry out other business operations.

Neither Shanghai Xintai nor WOFE will charge Project Company for any management fees.

Shareholding return

During the Entrustment Period, Shanghai Xintai shall use its best endeavours to ensure that Project Company has sufficient profits after tax so that it can distribute shareholding return to WOFE. According to the Entrustment Agreement, WOFE shall receive net amounts of shareholding return after tax of RMB360 million (equivalent to approximately HK$409 million), RMB360 million (equivalent to approximately HK$409 million) and RMB180 million (equivalent to approximately HK$204 million) respectively for the years ending 31st December 2009, 2010 and 2011 from
Project Company on or before 31st March 2010, 2011 and 2012 respectively. In respect of the shareholding return after tax for the year ending 31st December 2011, upon the signing and delivery of the relevant completion documents by WOFE to Shanghai Xintai in accordance with the provisions of the PRC Acquisition Agreement, Project Company shall pay the shareholding return to WOFE in advance by reference to the distributable shareholding return for the year ending 31st December 2011 as shown in Project Company’s management accounts for that year. In the event that such advance payment is less than RMB180 million (equivalent to approximately HK$204 million), Shanghai Xintai shall first direct Project Company to pay the Account Payables (being the actual amount of funds which Project Company may draw on and pay to WOFE) for settlement of the shortfall in the amount of the shareholding return, and if such amount is not sufficient to pay up the shortfall, Shanghai Xintai or the Vendor shall use its other resources to pay the shortfall to WOFE in such legal manner as Shanghai Xintai and WOFE may mutually agree.

The amounts of shareholding return are calculated on the basis that the US$ Equivalent of RMB2 billion (equivalent to approximately HK$2.27 billion) has been paid by the Purchaser to the Vendor under the Acquisition Agreement and both the First Consideration and the Second Consideration were paid on 30th June 2009. Adjustments will be made in respect of the shareholding return in respect of the year ending 31st December 2009 depending on the actual amount of consideration paid under the Acquisition Agreement, the date of payment of the First Consideration and the date of payment of the Second Consideration, and will be adjusted in accordance with the following formula:

(a) the shareholding return will be adjusted upwards by the amount calculated in accordance with the formula below in the event that the date of payment of the First Consideration is before 30th June 2009 and will be adjusted downwards by the amount calculated in accordance with the formula below in the event that the date of payment of the First Consideration is after 30th June 2009:

\[
\frac{D1}{365} \times C1 \times 18\%
\]

where:

\( D1 = \) the number of days between the date of payment of the First Consideration and 30 June 2009; and

\( C1 = \) the amount of the First Consideration;

and

(b) the shareholding return will be adjusted upwards by the amount calculated in accordance with the formula below in the event that the date of payment of the Second Consideration is before 30th June 2009 and will be adjusted downwards by the amount calculated in accordance with the formula below in the event that the date of payment of the Second Consideration is after 30th June 2009.
\[
\frac{D_2}{365} \times C_2 \times 18\% 
\]

where:

\(D_2 = \) the number of days between the date of payment of the Second Consideration and 30th June 2009; and

\(C_2 = \) the amount of the Second Consideration.

If Project Company fails to pay the relevant amount of shareholding return to WOFE and Shanghai Xintai, the Guarantor and the Vendor has not paid to WOFE any shortfall of such amount in accordance with the provisions of the Entrustment Agreement, Shanghai Xintai shall pay to WOFE interest in respect of the unpaid amount calculated as follows:

\[
\frac{D}{365} \times I \times R 
\]

where:

\(D = \) the number of days which payment is delayed (including time incurred due to legal or arbitration proceedings);

\(I = \) the then prevailing interest rate for loans of one year as announced by the People’s Bank of China plus 20%; and

\(R = \) the amount of shareholding return for the relevant year which has not been actually been received by WOFE (excluding amounts of shareholding return actually paid by Project Company to WOFE and payments made by Shanghai Xintai, the Guarantor and the Vendor in accordance with the Entrustment Agreement to cover any shortfall amount).

**Guarantee**

The Guarantor shall enter into the Entrustment Agreement to guarantee the payment obligations of Shanghai Xintai under the Entrustment Agreement.

If Glorious Property proposes to apply for Listing and during the course of application for Listing, the Stock Exchange is of the view that the guarantee provided by the Guarantor constitutes an obstacle to Listing, Glorious Property shall on the date of Listing issue a guarantee to take up the obligations of the Guarantor under the Entrustment Agreement and upon the issue of such guarantee by Glorious Property, the Guarantor’s guarantee under the Entrustment Agreement shall immediately unconditionally be released.
Block 6 Development Pledge

Pursuant to the Entrustment Agreement, if Block 6 Development is developed to the stage that it can be pledged prior to 31st December 2011, Shanghai Xintai shall pledge Block 6 Development in favour of WOFE for a pledge value of RMB350 million (equivalent to approximately HK$398 million). If Block 6 Development is developed to the stage that it can be pre-sold after being pledged to WOFE, Shanghai Xintai shall in writing notify WOFE and WOFE shall agree to the pre-sale of Block 6 Development, and the proceeds from such pre-sale shall be deposited into the jointly-controlled bank account of Project Company as provided for in the Entrustment Agreement.

WOFE shall immediately unconditionally release the Block 6 Development Pledge when upon the pre-sale proceeds reaching the amount of RMB350 million (equivalent to approximately HK$398 million) actually received by Project Company or upon the acquisition of the entire equity interest of Project Company by Shanghai Xintai in accordance with the PRC Acquisition Agreement. Shanghai Xintai shall be entitled to such amount of the pre-sale proceeds of Block 6 Development exceeding RMB350 million (equivalent to approximately HK$398 million) actually received by Project Company. If on 31st December 2011, Block 6 Development is not developed to the stage that it can be pledged and that Shanghai Xintai does not acquire the entire equity interest of Project Company in accordance with the PRC Acquisition Agreement, Shanghai Xintai shall pay RMB350 million (equivalent to approximately HK$398 million) to WOFE.

Hotel Second Mortgage

In light that the Hotel has been mortgaged to the Bank of Shanghai, Baiyu Branch (上海銀行股份有限公司白玉支行) and Shanghai Rural Commercial Bank, Pudong Branch (上海農村商業銀行浦東分行) (“Hotel First Mortgage”), Shanghai Xintai shall create the Hotel Second Mortgage in favour of WOFE at the mortgaged amount equivalent to the lower of RMB2,900 million (equivalent to approximately HK$3,290 million) and the highest amount recognized by the PRC property trading and management authorities (房地產交易管理機構).

If Glorious Property proposes to apply for Listing and during the course of application for listing by Glorious Property on the Stock Exchange, the Stock Exchange is of the view that the Hotel Second Mortgage constitutes an obstacle to Listing, or upon the date of Listing, WOFE shall immediately unconditionally release the Hotel Second Mortgage. Shanghai Xintai shall not increase the amount secured under the Hotel First Mortgage without the prior written consent of WOFE.

Other pledges

Shanghai Xintai shall also in the Entrustment Agreement agree to pledge the consideration receivable by it under the Development Transfers, the Account Payables and the pre-sale proceeds of Block 6 Development in the amount of RMB350 million (equivalent to approximately HK$398 million) referred to above (if any) to WOFE.
Arrangements regarding the consideration under the Development Transfers

The consideration payable by Project Company to Shanghai Xintai in respect of the Property Transfer and the transfer of Blocks 9 & 10 Development shall be treated as account payables in the accounts of Project Company. Shanghai Xintai agrees that prior to its purchase of the entire equity interest in Project Company pursuant to the PRC Acquisition Agreement, Project Company shall not be required to pay the aforesaid consideration to Shanghai Xintai. However, Shanghai Xintai may, without the consent of WOFE and/or Project Company, in writing direct Project Company to pay the aforesaid consideration to WOFE for settlement of (i) the shortfall in the amount of the shareholding return payable under the Entrustment Agreement as described above or (ii) the consideration payable under the PRC Acquisition Agreement.

Use of Funds

During the Entrustment Period, upon the request of Shanghai Xintai and subject to conformity with applicable laws, Project Company may consider providing its own funds for use by Shanghai Xintai on the basis that Shanghai Xintai or Glorious Property shall create a mortgage or pledge over, or transfer, such shares or assets as are approved by the board of Project Company, and the specific method and amount shall be resolved by the board of Project Company by simple majority.

Warranties and undertakings from Shanghai Xintai

Shanghai Xintai is required to give certain warranties and undertakings pursuant to the Entrustment Agreement including, inter alia, the following:

(a) it shall not procure Project Company to undertake any business other than the development, construction and sale of the Developments without the prior written consent of WOFE;

(b) it shall not without the prior written consent of the board of Project Company cause Project Company to incur, inherit or have any liabilities other than (i) reasonable liabilities incurred in normal or ordinary course of business rather than through lending and (ii) liabilities already disclosed to the board of Project Company; and

(c) it shall not replace the directors nominated by it to the board of Project Company, namely the Guarantor and Cheng Lihong, without the prior written consent of WOFE.

Warranties and undertakings from Project Company

Project Company is required to give certain warranties and undertakings pursuant to the Entrustment Agreement including, inter alia, the following:

(a) it shall cooperate fully with Shanghai Xintai in its management of the daily operations of Project Company in accordance with the terms of the Entrustment Agreement;

(b) its operations shall be conducted in accordance with the provisions of its articles during the Entrustment Period; and
(c) it shall not replace its general manager (總經理) nominated by Shanghai Xintai, namely Cheng Lihong and its finance manager (財務經理) without the prior written consent of Shanghai Xintai.

**Warranties and undertakings from WOFE**

WOFE is required to give certain warranties and undertakings pursuant to the Entrustment Agreement including, inter alia, the following:

(a) unless with the prior written consent of Shanghai Xintai, it shall not sell, transfer or in any other way deal with its 100% interest in Project Company nor create any pledge or other third party rights over such interest;

(b) it shall not make any decision for the demerger (分立), merger, dissolution, deregistration or sale as a whole of Project Company;

(c) it shall not approve Project Company to undertake any business other than the development and sale of the Developments without the prior written consent of Shanghai Xintai;

(d) it shall not replace the directors nominated by Shanghai Xintai to the board of Project Company, namely the Guarantor and Cheng Lihong, without the prior written consent of Shanghai Xintai; and

(e) it shall not without the prior written consent of Shanghai Xintai supplement, vary or amend the articles of Project Company.

**Taxation matters**

Any tax or statutory fees incurred by WOFE in connection with the transactions under the Entrustment Agreement (including the receipt of shareholding return) under PRC laws will be fully reimbursed by Shanghai Xintai. If Shanghai Xintai fails to make full reimbursement to WOFE within seven days after the issue of a written notice by WOFE, the Guarantor shall be responsible for making such reimbursement in full. If Shanghai Xintai or the Guarantor fails to make reimbursement in full within the stipulated time, interest will accrue on a daily basis on the unpaid amount at the lending rate for loans of one year as quoted by the People’s Bank of China plus 20%.

**Default**

During the Entrustment Period, if Shanghai Xintai shall have failed to:

(a) perform and fulfill its obligations under the Entrustment Agreement due to material litigation, arbitration or administrative penalty;
(b) use its best endeavours to ensure that Project Company distribute the shareholding return in accordance with the Entrustment Agreement and Shanghai Xintai, the Guarantor or Vendor fail to pay to WOFE the shortfall amount and the Guarantor also fails to perform his guarantee obligations;

(c) reimburse WOFE of the tax and statutory fees in accordance with the Entrustment Agreement and the Guarantor fails to perform his guarantee obligations;

(d) pay the relevant Account Payables thereby causing Project Company to be involved in material litigation or arbitration proceedings;

(e) observe or have materially breached its relevant warranties and undertakings under the Entrustment Agreement,

Project Company and WOFE shall have the right to:

(a) issue a written notice requiring Shanghai Xintai to take immediate remedial action and to fulfill its obligations under the Entrustment Agreement within 60 days;

(b) issue a written notice requiring Shanghai Xintai to immediately purchase the entire equity interest of Project Company if Shanghai Xintai fails to take remedial action as mentioned in paragraph (a) above, and Shanghai Xintai shall purchase such equity interest of Project Company within 30 days;

(c) issue a written notice to terminate the Entrustment Agreement with immediate effect if Shanghai Xintai fails to purchase the entire equity interest of Project Company in accordance with paragraph (b) above, and WOFE shall have the right to deal with any assets of Project Company and its shareholding interests in Project Company, and Shanghai Xintai and its related parties shall waive the consideration under the Development Transfers as well as the Account Payables, and shall not require WOFE or Project Company to refund any amounts received as described in the section titled “Block 6 Development Pledge” in the section titled “The Entrustment Agreement” in this announcement.

If the Entrustment Agreement is terminated in accordance with paragraph (c) above, the shareholding return receivable by WOFE for the relevant year shall be calculated pro rata to the number of days up to the termination date of the Entrustment Agreement which has lapsed during the relevant year.

During the Entrustment Period, if WOFE shall have failed to observe or is in material breach of the relevant terms of the Entrustment Agreement such that the Entrustment Agreement is terminated:

(a) Shanghai Xintai shall have the right to issue a written notice requiring WOFE to take immediate remedial action and to fulfill its obligations under the Entrustment Agreement within 60 days;
(b) Shanghai Xintai shall have the right to issue a written notice requiring WOFE to immediately sell the entire equity interest of Project Company if WOFE fails to take remedial action as mentioned in paragraph (a) above, and WOFE shall sell such equity interest of Project Company within 30 days;

(c) the shareholding return receivable by WOFE for the relevant year shall be calculated pro rata to the number of days up to the date of issue of the notice by Shanghai Xintai as mentioned in paragraph (b) above which has lapsed during the relevant year.

**Term and Termination**

The Entrustment Agreement may be terminated upon any of the following events:

(a) the relevant business registration procedures regarding the transfer of the entire equity interest of Project Company to Shanghai Xintai pursuant to the PRC Acquisition Agreement having been completed;

(b) Project Company and WOFE terminating the Entrustment Agreement in accordance with the provisions of the Entrustment Agreement as mentioned in the section titled “Default” above;

(c) Shanghai Xintai or WOFE terminating the PRC Acquisition Agreement in accordance with the provisions therein;

(d) Shanghai Xintai failing to exercise its call option on the Options Exercise Date in accordance with the PRC Acquisition Agreement;

(e) occurrence of force majeure events such that the Entrustment Agreement cannot or is not necessary to be performed;

(f) by mutual agreement between the parties to the Entrustment Agreement.

**REASONS FOR AND BENEFITS OF THE ACQUISITION, THE PRC ACQUISITION AND THE ENTRUSTMENT ARRANGEMENT**

The Shanghai Bay project is located at the prime location along the riverside of Huangpu River in the Shanghai city with proximity to tourist and leisure spots, integrated business area and the venues of the Shanghai World Expo. The Acquisition (including the transactions contemplated under the Property Transfer Agreement), the PRC Acquisition and the Entrustment Arrangement as a whole will enable the Group to further expand the scope of its investment in the real estate operation, and generate favourable investment return and steady cash flow for the Group. It will also enhance the profitability of the Group’s core business and further strengthen the Group’s leading position in the real estate industry in Shanghai.

The Directors believe that the terms of the Acquisition, the PRC Acquisition and the Entrustment Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.
GENERAL

The Company and its subsidiaries are principally engaged in the business of infrastructure facilities, medicine, consumer products and real estate.

The Vendor is a company incorporated in the BVI and is indirectly owned as to 99.3% by the Guarantor. The principal activity of the Vendor is investment holding.

Shanghai Xintai is a company established in the PRC and is indirectly wholly-owned by the Vendor. The principal activity of Shanghai Xintai is property development.

LISTING RULES IMPLICATIONS

As one of the percentage ratios for the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

As one of the percentage ratios for the PRC Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the PRC Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules.

DEFINITIONS

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

“Account Payables” has the meaning as described in the section titled “The Entrustment Agreement” in this announcement

“Acquisition” the acquisition by the Purchaser of the Sale Share and the Sale Loan from the Vendor pursuant to the Acquisition Agreement

“Acquisition Agreement” the conditional sale and purchase agreement dated 11th June 2009 entered into between the Vendor, the Purchaser, the Guarantor and the Company in relation to the Acquisition

“Affiliate(s)” with respect to any person, any other person controlling, controlled by or under common control with such specified person

“associate” has the meaning ascribed to it in the Listing Rules

“Audited Accounts” the audited accounts of Project Company comprising its balance sheet as at 31st December 2008 and its profit and loss account for the period from its date of incorporation to 31st December 2008
“Block 6 Development” the development of Block No. 6 of Shanghai Bay

“Block 6 Development Pledge” has the meaning as described in the section titled “Arrangement regarding Block 6 Development” in the section titled “The Acquisition Agreement” in this announcement

“Blocks 9 & 10 Development” the development of Block Nos. 9 and 10 of Shanghai Bay which are currently constructions in progress (在建工程), together with the land on which Block Nos. 9 and 10 of Shanghai Bay is situated, and the ancillary facilities and equipment

“Board” the board of Directors

“Business Day” a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong

“BVI” British Virgin Islands

“Claims” any claim, demand, dispute, action, suit, investigation or legal or analogous proceedings

“Company” Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange

“Completion” completion of the Acquisition pursuant to the Acquisition Agreement

“Completion Date” the date when Completion shall take place, within five Business Days after the last of the Completion Conditions set out in paragraphs (a), (d), (e), (k), (m) and (n) of the section titled “Conditions to Completion” in the section titled “The Acquisition Agreement” in this announcement have been satisfied or waived (as the case may be) or such other date as the parties to the Acquisition may agree in writing, but in any event shall not be later than 31st December 2009

“Developments” the Project and the Blocks 9 & 10 Development

“Development Transfers” the Project Transfer and the transfer of the Blocks 9 & 10 Development
“Director(s)” the director(s) of the Company

“Encumbrances” any charge, mortgage, security, lien, option, interference, infringement, equity, power of sale, hypothecation or other third party rights, retention of title, right to acquire, right of pre-emption, right of first refusal, security interest of any kind (including any created by law), right of set-off, trust arrangement, pledge, title creation of any kind and any rental, hire purchase, credit or conditional sale or other agreement for payment on deferred terms

“Entrustment Agreement” the asset management entrustment agreement (委托建設和經營管理協議) to be entered into at Completion between Shanghai Xintai, WOFE, Project Company, the Guarantor, the Vendor and the Purchaser

“Entrustment Arrangement” the arrangement of management of the construction and sale of the Developments as well as the daily operation of Project Company pursuant to the Entrustment Agreement

“Equity Transfer Agreement” the equity transfer agreement to be entered into between Shanghai Xintai and WOFE pursuant to the PRC Acquisition, the form of which shall be attached to the PRC Acquisition Agreement

“Glorious Property” Glorious Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and is the ultimate holding company of the Vendor and is indirectly owned as to 99.3% by the Guarantor

“Glorious Property Accounts” the consolidated management accounts of Glorious Property comprising its consolidated balance sheet as at 31st December 2008 and its consolidated profit and loss account for the year ended 31st December 2008

“Governmental Authority” any nation or government, any state, county, municipality, prefecture or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government

“Group” the Company and its subsidiaries

“Guarantor” Mr. Zhang Zhi Rong

“HK Holdco” Greater Base Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of Target Company
“Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China

“Hotel” Tower 1 (South Tower) of 陽光濱江中心, namely 陽光濱江中心酒店, owned by Shanghai Xintai

“Hotel Second Mortgage” has the meaning ascribed to it in the section titled “Arrangement in relation to a Listing” in the section titled “The Acquisition Agreement” in this announcement

“Listing” a listing of the shares of Glorious Property on the Stock Exchange

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date” 23rd December 2009 or such other date as may be agreed between the parties to the Acquisition Agreement in writing

“Management Accounts” the unaudited consolidated management accounts of the Target Company drawn up within 30 days prior to the Completion Date comprising the consolidated balance sheet and its consolidated profit and loss account

“Material Adverse Change (or Effect)” any change (or effect) the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of the Target Group as a whole

“Options Exercise Date” 1st December 2011 (or such other date as mutually agreed by Shanghai Xintai and WOFE)

“PRC” the People’s Republic of China

“PRC Acquisition” the acquisition by Shanghai Xintai of the entire equity interest in Project Company held by WOFE pursuant to the PRC Acquisition Agreement and the Equity Transfer Agreement

“PRC Acquisition Agreement” the agreement to be entered into at Completion between Shanghai Xintai, WOFE, the Guarantor, Project Company and the Company pursuant to which Shanghai Xintai shall be granted a call option and WOFE shall be granted a put option both to be exercised on the Options Exercise Date pursuant to which WOFE shall sell and Shanghai Xintai shall purchase the entire equity interest in Project Company held by WOFE
“Project” the development of Block Nos. 2 and 8 of Shanghai Bay located at No. 1441, Wan Ping South Road, Xuhui District, Shanghai, the PRC which are currently constructions in progress (在建工程) together with the Property and the ancillary facilities and equipment

“Project Company” 上海鵬暉置業有限公司, a limited liability company established under the laws of the PRC which is wholly-owned by WOFE

“Project Transfer” the transfer of the Project by Shanghai Xintai to Project Company prior to Completion

“Property” the piece of land on which the Project situates, and includes each and every part of it

“Property Transfer Agreement” the property transfer agreement to be entered into between Shanghai Xintai and Project Company

“Purchaser” S.I. Properties Holdings Limited 上實地產控股有限公司, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

“Reorganisation” the corporate reorganisation of the Target Group to be undertaken prior to Completion pursuant to which the holding structure of the Target Group will be changed to the structure as appeared in the chart set out in the section titled “Target Company” in the section titled “Information on the Target Group” in this announcement

“Sale Loan” the amount of US$3 million (equivalent to approximately HK$23.4 million) which will be advanced by way of unsecured and interest-free loan by the Vendor to Target Company prior to Completion

“Sale Share” the one share of US$1 in Target Company beneficially owned by the Vendor, representing the entire issued share capital of Target Company

“Second Payment Date” date of payment of the Second Consideration

“Shanghai Xintai” 上海鑫泰房地產發展有限公司 (Shanghai Xintai Property Development Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of the Vendor
“Share(s)” share(s) of HK$0.10 each in the share capital of the Company

“Shareholder(s)” holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Target Company” Better Score Limited, a company incorporated in the BVI with limited liability which is a wholly-owned subsidiary of the Vendor

“Target Group” Target Company, HK Holdco, WOFE and Project Company

“Transaction Documents” the Acquisition Agreement and such other document executed pursuant to or in connection with the Acquisition Agreement

“Vendor” Bright New Investments Limited, a company incorporated in the BVI with limited liability which is a wholly-owned subsidiary of Glorious Property

“Warrantors” the Vendor and the Guarantor

“WOFE” 南通基钜基础设施建设有限公司, a wholly-owned foreign enterprise established under the laws of the PRC which is wholly-owned by HK Holdco

“HK$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“US$” United States dollars, the lawful currency of the United States of America

“US$ Equivalent” in respect of an amount in RMB, the US$ equivalent of such RMB amount determined with reference to the mid-point of the exchange rate published by the People’s Bank of China, at 12:00 p.m. on the relevant date

“%” per cent

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*
In this announcement, RMB has been converted to HK$ at the rate of RMB0.8804 = HK$1 and US$ has been converted to HK$ at the rate of US$1 = HK$7.8 for illustration purpose only. No representation is made that any amounts in RMB or HK$ or US$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Shanghai Industrial Holdings Limited
Leung Lin Cheong
Company Secretary

Hong Kong, 11th June 2009

As at the date of this announcement, the Board is comprised of:

Executive Directors:
Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Ding Zhong De, Mr. Zhou Jie, Mr. Qian Shi Zheng, Mr. Yao Fang and Mr. Zhou Jun

Independent Non-Executive Directors:
Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis