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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Glorious Property Holdings Limited, you should at once hand this circular and the accompanying form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



恒盛地產
GLORIOUS PROPERTY

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)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF CONSTRUCTION SERVICES AGREEMENT**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

SUNWAH KINGSWAY
新華滙富

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 12 of this circular. A letter from Kingsway Capital Limited, the independent financial adviser, containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 25 of this circular.

A notice convening the EGM to be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 December 2017 at 10:00 a.m. is set out on pages 31 to 32 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

6 December 2017

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DEFINITIONS

In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

“Best Era”	Best Era International Limited (美年國際有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability
“Board”	the board of Directors
“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 the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Services Agreements”	the Existing Construction Services Agreement and the New Construction Services Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 December 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the New Construction Services Agreement and the transactions contemplated thereunder and the proposed annual caps for such transactions for each of the three years ending 31 December 2020
“Existing Construction Services Agreement”	the framework construction services agreement dated 10 June 2014 entered into by the Company and Shanghai Ditong for a term of three years from 1 January 2015 to 31 December 2017 in relation to the provision of construction and related services to the Group according to the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time

DEFINITIONS

“Existing Contracts”	the existing construction contracts entered into by the Group and Shanghai Ditong in respect of the construction of the Group’s property development projects
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Financial Adviser” or “Kingsway Capital Limited”	Kingsway Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to, the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the annual caps for each of the three years ending 31 December 2020
“Independent Shareholder(s)”	the shareholders of the Company, save for Best Era, Island Century Limited, Market Victor Limited, Novel Ventures Limited and Well Advantage Limited (all of which are directly or indirectly wholly-owned by Mr. Zhang Zhi Rong) which are required to abstain from voting under the Listing Rules to approve the resolution in relation to the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020 at the EGM
“Latest Practicable Date”	1 December 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“New Construction Services Agreement”	the framework construction services agreement dated 21 November 2017 entered into by the Company and Shanghai Ditong for a term of three years from 1 January 2018 to 31 December 2020 in relation to the provision of construction and related services to the Group according to the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time
“Potential Contracts”	the potential construction contracts, subject to the tendering procedures, to be entered into by the Group and Shanghai Ditong in respect of the construction of the Group’s property development projects pursuant to the New Construction Services Agreement
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macao Special Administration of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Ditong”	上海地通建設(集團)有限公司 (Shanghai Ditong Construction (Group) Co., Ltd.*), a company established under the laws of the PRC with limited liability and is owned as to 95.20% by Mr. Zhang De Huang and 4.80% by Ms. Zhang Cui Lan, the spouse of Mr. Zhang De Huang
“Share(s)”	ordinary share(s) of a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Ding Xiang Yang (*Vice Chairman and
Chief Executive Officer*)

Mr. Xia Jing Hua (*Chief Financial Officer*)

Mr. Yan Zhi Rong

Non-executive Director

Mr. Cheng Li Xiong (*Chairman*)

Independent Non-executive Directors

Prof. Liu Tao

Mr. Wo Rui Fang

Mr. Han Ping

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Room 2202, 22/F

China Evergrande Centre

38 Gloucester Road

Wanchai

Hong Kong

6 December 2017

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF CONSTRUCTION SERVICES AGREEMENT

BACKGROUND

Reference is made to the announcement of the Company dated 21 November 2017 in respect of the entering into of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020; (ii) the recommendations from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser; and (iv) the notice of the EGM.

THE NEW CONSTRUCTION SERVICES AGREEMENT

The principal terms of the New Construction Services Agreement are set out below:

Date

21 November 2017

Parties

- (1) The Company
- (2) Shanghai Ditong

Nature of transactions

Shanghai Ditong will provide construction and related services (including but not limited to foundation engineering, fitting, decoration, door and window installation and construction raw material procurement) to the Group.

Shanghai Ditong will have to participate in the tender process required under the rules and regulations in the PRC for the construction projects of the Group. The provision of the above construction and related services by Shanghai Ditong to the Group shall be subject to and in accordance with the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time.

Conditions precedent

The New Construction Services Agreement and its performance are subject to compliance by the Company with any applicable disclosure and/or independent shareholders' approval in relation to the New Construction Services Agreement and its annual caps in accordance with the Listing Rules.

Term and renewal

The New Construction Services Agreement is for a term of three years from 1 January 2018 to 31 December 2020. Subject to compliance with the applicable rules and regulations (including the Listing Rules), the term can be renewed for another three years upon the mutual consent of the parties.

The Company will comply with the independent shareholders' approval requirement, if applicable, prior to the renewal of the New Construction Services Agreement.

LETTER FROM THE BOARD

Pricing basis

The fees payable by the Group to Shanghai Ditong will either be at market rates or at rates similar to those offered by independent third parties according to the tender documents and the construction contracts signed or to be signed between the Group and Shanghai Ditong. In accordance with the PRC Tendering and Bidding Law, the bidders will submit their tender bids to the Group. An assessment committee (consisting of 5 to 7 members) comprising of randomly chosen experts from a pool of industry experts and one to two representatives from the Group is formed to review the bids of a minimum of 3 bidders and to select the successful bidder. The assessment committee will be independent of Shanghai Ditong and its associates. Selection criteria include but are not limited to industry experience of the bidders, quality and management of the proposed work, fee quote as well as safety measures employed.

Internal controls

In the event that Shanghai Ditong is selected to provide construction services to the Group, a certified engineering supervisory company which is independent from the Group will be engaged to monitor the construction work to ensure the same is conducted in accordance with the terms of the respective construction agreement, including but not limited to the quality, costs and schedules of the work. In addition, monthly reports on the construction progress will be prepared by the supervisory company and provided to the independent non-executive Directors.

The costs control department of the Company is responsible for supervising and controlling the transactions rendered by Shanghai Ditong on a monthly basis by reference to the monthly reports prepared by the supervisory company described above to ensure that the aggregate transaction amounts do not exceed the approved annual caps of the respective year.

HISTORICAL TRANSACTION AMOUNTS

The table below sets forth the historical costs paid by the Group to Shanghai Ditong in relation to the Existing Construction Services Agreement for the two years ended 31 December 2016 and the ten months ended 31 October 2017:

For the year ended 31 December 2015 (RMB million)	For the year ended 31 December 2016 (RMB million)	For the ten months ended 31 October 2017 (RMB million)
958.50	549.00	381.6

LETTER FROM THE BOARD

NEW ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2020

The proposed annual caps for the transactions contemplated under the New Construction Services Agreement for the three years ending 31 December 2020 are set out as follows:

For the year ending 31 December		
2018	2019	2020
(RMB million)	(RMB million)	(RMB million)
1,800	1,500	1,200

Basis for the proposed annual caps for each of the three years ending 31 December 2020

The above proposed annual caps for the three years ending 31 December 2020 were determined with reference to the business strategy of the Group and taking into account factors such as (i) the historical transaction amounts; (ii) the anticipated increase in inflation rate, and costs of construction materials, machineries and labour costs; (iii) the estimated annual fees payable pursuant to the Existing Contracts; and (iv) the estimated annual fees payable pursuant to the Potential Contracts, based on the estimated budgets for the total construction costs and the historical construction costs incurred by the Group for such contracts, as well as the estimated annual fees payable by the Group according to the development stages of the construction projects.

When estimating the increase in market cost of construction materials, machineries and labour for the three years ending 31 December 2020 (which may vary in different projects due to factors such as the differences in project nature and location), management has taken into consideration the historical increase in the costs of construction materials, machineries and labour in Shanghai during the period of June 2016 to June 2017 of 9%, 73% and 98% respectively, with reference to the website of the Shanghai Construction Engineering Costs Information (上海建設工程造價訊息網). As the market rates of the above various costs may increase or decrease depending on the market dynamics, the Company therefore considers that it is not relevant to assume a general inflation rate in deriving the annual caps for 2018 to 2020.

The construction period for the construction projects between the Group and Shanghai Ditong varies according to the type of property and scale of the project. The actual transaction amount with Shanghai Ditong varies year by year and at different periods of the year depending on the different stages of construction. The above annual caps for the financial years ending 31 December 2018, 2019 and 2020 were determined with reference to the reasonably anticipated aggregate transaction amount of the Existing Contracts between the Group and Shanghai Ditong based on the current construction progress of the projects as well as the anticipated potential transaction amounts under the Potential Contracts to be signed with Shanghai Ditong. As the construction works of the Existing Contracts were completed or are projected to be close to completion during 2016 until 2020, the transaction amounts for the period from 1 January 2016 to 31 October 2017 were relative low and the estimated annual fees payable to Shanghai Ditong pursuant to the Existing Contracts for the three years ending 31 December 2020 are much lower than

LETTER FROM THE BOARD

those in previous years. In addition to the Existing Contracts, subject to tendering procedures, it is expected that six Potential Contracts would be entered into between the Group and Shanghai Ditong. Although the monetary size of these Potential Contracts are in general smaller than the Existing Contracts, the major part of the construction works of the Potential Contracts are expected to occur during the three years ending 31 December 2020, hence the transaction amounts for the three years ending 31 December 2020 are relatively higher.

REASONS FOR AND BENEFITS OF THE NEW CONSTRUCTION SERVICES AGREEMENT

Shanghai Ditong holds a Class I Qualification for General Contracting of Building Construction Works and has obtained all relevant licences as a construction contractor.

The Directors are generally satisfied with the quality of the construction and related services rendered by Shanghai Ditong and believe that the long relationship between the Group and Shanghai Ditong since its provision of service in 1999 and Shanghai Ditong's familiarization with the Company's development projects and business operations could bring synergy from both the Company and Shanghai Ditong.

The New Construction Services Agreement was negotiated and agreed on an arm's length basis between the Group and Shanghai Ditong. The Directors are of the view that the New Construction Services Agreement is on normal commercial terms and that the terms of the New Construction Services Agreement, the proposed annual caps for each of the three years ending 31 December 2020 under the New Construction Services Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Ding Xiang Yang, an executive Director and the son-in-law of Mr. Zhang De Huang (the controlling shareholder of Shanghai Ditong), has abstained from voting on the relevant resolutions of the Board approving the New Construction Services Agreement, the proposed annual caps for each of the three years ending 31 December 2020 under the New Construction Services Agreement, pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the Construction Services Agreements or is required to abstain from voting from the relevant resolutions of the Board.

INFORMATION ON THE GROUP AND SHANGHAI DITONG

The Group is principally engaged in the development and sale of high quality properties in key economic cities across the PRC. As of the Latest Practicable Date, the Group had development projects in various PRC cities including Beijing, Tianjin, Shanghai, Wuxi, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Ditong is a company established under the laws of the PRC with limited liability and is primarily engaged in property construction and engineering work.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the indirect ultimate controlling shareholder of the Company, and the father-in-law of Mr. Ding Xiang Yang, an executive Director) together with his spouse hold the entire equity interest in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Construction Services Agreements constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios of the proposed annual caps for each of the three years ending 31 December 2020 in respect of the transactions contemplated under the New Construction Services Agreement exceed 5%, the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EGM

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approve the New Construction Services Agreement and the transactions contemplated thereunder and the proposed annual caps for such transactions for each of the three years ending 31 December 2020. In accordance with the Listing Rules, Mr. Zhang Zhi Rong and his associates (including Best Era, Island Century Limited, Market Victor Limited, Novel Ventures Limited and Well Advantage Limited, all of which are directly or indirectly wholly-owned by Mr. Zhang Zhi Rong), being connected persons of the Company and having material interests in the Construction Services Agreements (which are different from those of the Independent Shareholders), will abstain from voting at the EGM in respect of the resolution.

The votes of the Independent Shareholders will be taken by way of poll at the EGM. As at the Latest Practicable Date, Mr. Zhang Zhi Rong and his associates held 5,311,022,436 Shares, representing approximately 68.15% of the issued share capital in the Company, and Mr. Zhang Zhi Rong was also interested in share options to subscribe for 15,000,000 Shares, representing approximately 0.19% of the total issued share capital of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Mr. Zhang Zhi Rong and his associates (including Best Era, Island Century Limited, Market Victor Limited, Novel Ventures Limited and Well Advantage Limited (all of which are directly or indirectly wholly-owned by Mr. Zhang Zhi Rong)), there is no connected person of the Company, any Shareholder or their respective associates who has a material interest in the relevant resolution and is required to abstain from voting at the EGM.

LETTER FROM THE BOARD

A notice to convene the EGM is set out on pages 31 to 32 of this circular. The EGM will be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 December 2017 at 10:00 a.m. The form of proxy for use by the Shareholders at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 13 to 25 of this circular in connection with the continuing connected transactions contemplated under the New Construction Services Agreement, the proposed annual caps for the three years ending 31 December 2020 and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020 are fair and reasonable, on normal commercial terms and the New Construction Services Agreement was entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020 at the EGM.

Accordingly, the Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the resolution to approve the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020 at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Glorious Property Holdings Limited
Cheng Li Xiong
Chairman



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)

6 December 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF CONSTRUCTION SERVICES AGREEMENT

We refer to the circular of the Company dated 6 December 2017 (the “Circular”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the transactions under the New Construction Agreement and proposed annual caps for each of the three years ending 31 December 2020 are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered the terms of the New Construction Services Agreement and the advice of the Independent Financial Adviser in relation thereto as set out on pages 13 to 25 of the Circular, we are of the opinion that the terms of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020 are fair and reasonable, on normal commercial terms and the New Construction Services Agreement was entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2020 at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Prof. Liu Tao

Mr. Wo Rui Fang
Independent non-executive Directors

Mr. Han Ping

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020, for inclusion in this Circular.

SUNWAH KINGSWAY
新華滙富

6 December 2017

*To the Independent Board Committee and the Independent Shareholders of
Glorious Property Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF CONSTRUCTION SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020, details of which are set out in the circular (the “**Circular**”) of the Company to the Shareholders dated 6 December 2017, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the circular of the Company dated 2 July 2014 (the “**2014 Circular**”) in respect of the continuing connected transactions contemplated under the Existing Construction Services Agreement entered into between the Company and Shanghai Ditong for a term of three years from 1 January 2014 to 31 December 2017 in relation to the provision of construction and related services by Shanghai Ditong to the Group according to the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time. The current term of the Existing Construction Services Agreement will expire on 31 December 2017, and the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017. Therefore, on 21 November 2017, the parties to the Existing Construction Services Agreement have entered into the New Construction Services Agreement for a term of three years from 1 January 2018 to 31 December 2020.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, indirect ultimate controlling shareholder of the Company, and the father-in-law of Mr. Ding Xiang Yang, an executive Director) together with his spouse hold the entire equity interest in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Company for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

purposes of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Construction Services Agreements constitute continuing connected transactions of the Company. In accordance with the Listing Rules, Mr. Zhang Zhi Rong and his associates (including Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited (all of which are directly or indirectly wholly-owned by Mr. Zhang Zhi Rong), being connected persons of the Company and having material interests in the Existing Construction Services Agreement and the New Construction Services Agreement (which are different from those of the Independent Shareholders), will abstain from voting at the EGM to approve the relevant resolution in relation to the entering into of the New Construction Services Agreement, and the proposed annual caps for the three years ending 31 December 2020.

As one or more of the applicable percentage ratios of the proposed annual caps for each of the three years ending 31 December 2020 in respect of the transactions contemplated under the New Construction Services Agreement exceed 5%, the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established the Independent Board Committee to advise the Independent Shareholders in relation to the transactions contemplated under of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any equity interests in any member of the group of the Company, nor have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the group of the Company, nor have any interest in any asset of the any member of the group of the Company. Save for our appointment as the Independent Financial Adviser in relation to the continuing connected transactions set out in this Circular, we did not act as an independent financial adviser to the Company in the past two years.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the Directors and the management of the Company (the "**Management**"), which the Directors consider to be complete, accurate and relevant. We have assumed that

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

all the information, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate as at the date of the Circular. We have also assumed that all the statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us by the Company, the Directors and the Management untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view. The Directors have confirmed that no material facts or representations have been withheld or omitted from the information provided and referred to in the Circular. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Company, Shanghai Ditong or their respective subsidiaries or associated companies.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

The Company is an investment holding company. The Group is a property developer and seller of high-quality properties in key economic cities in the PRC. As of the Latest Practicable Date, the Group has development projects in various PRC cities including Beijing, Tianjin, Shanghai, Wuxi, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian. It is the Group's business model to outsource construction phase of its development project to construction companies which are selected through tender as required by relevant PRC laws and regulations. The table below sets out the summary financial information of the Group as extracted from the Company's annual report for the year ended 31 December 2016 (the "2016 Annual Report"):

	For the year ended 31 December	
	2015	2016
	RMB'000	RMB'000
	(audited)	(audited)
Revenue	2,340,198	2,572,542
Loss for the year attributable to the owners of the Company	(3,877,922)	(4,021,011)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December	
	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Total assets	57,361,699	55,104,201
Total liabilities	43,825,043	46,393,339

According to the 2016 Annual Report, the Group recorded revenue and total comprehensive loss for the year attributable to the owners of the Company of approximately RMB2,573 million and approximately RMB4,021 million respectively for the year ended 31 December 2016. It is disclosed in the 2016 Annual Report that such total comprehensive loss for the year attributable to the owners of the Company was mainly due to the gross loss recorded for the properties sold and delivered, the provision for impairment made to its existing properties or ceased projects, the significant amount of fair value loss recorded for its investment properties, and a large amount of finance costs not being capitalised but were recorded as current year expenses, in the year ended 31 December 2016. We also noted from the 2016 Annual Report that the Group recognised revenue for a total of 18 property projects located in various first-tier, second-tier, and third-tier cities in the PRC in the year ended 31 December 2016.

2. Information on Shanghai Ditong

As disclosed in the Letter from the Board, Shanghai Ditong is a company established under the laws of the PRC with limited liability. Shanghai Ditong principally engages in provision of construction and related services such as foundation engineering, fitting, decoration, door and window installation in the PRC. It holds a Class I Qualification for General Contracting of Building Construction Works and has obtained all relevant licenses as a construction contractor. Shanghai Ditong has won tenders for some of the Group's construction projects and has provided relevant services to the Group since 1999.

3. Reasons for and benefits of the renewal of the Existing Construction Services Agreement

Reference is made to the 2014 Circular in respect of the continuing connected transactions contemplated under the Existing Construction Services Agreement entered into between the Company and Shanghai Ditong in relation to the provision of construction and related services by Shanghai Ditong to the Group, subject to and in accordance with the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time from 1 January 2015 to 31 December 2017. Relevant resolutions for approving the Existing Construction Services Agreement and the related annual caps for the three years ending 31 December 2017 were passed by the independent shareholders of the Company at the extraordinary general meeting held on 7 August 2014.

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The Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2017, and, as disclosed in the Letter from the Board, the Directors are generally satisfied with the quality of the construction and related services rendered by Shanghai Ditong and believe that the long relationship between the Group and Shanghai Ditong since its provision of service in 1999 and Shanghai Ditong's familiarisation with the Company's development projects and business operations could bring synergy from both the Company and Shanghai Ditong. Therefore, on 21 November 2017, the parties to the Existing Construction Services Agreement have entered into the New Construction Services Agreement for a term of three years from 1 January 2018 to 31 December 2020.

According to the New Construction Services Agreement, Shanghai Ditong will have to participate into tender process to bid the Group's property projects in any case required by the relevant PRC laws and regulations. We understood from the Management that, if Shanghai Ditong is selected to provide construction services to the Group after the tender and selection procedures, a certified engineering supervisory company which is independent from the Group and Shanghai Ditong will be engaged by the Group in respect of each of the Group's projects with Shanghai Ditong, in order to monitor the construction progress and quality of the construction services provided by Shanghai Ditong. Such engineering supervisory company has to possess the necessary qualifications in construction supervision and is responsible for monitoring the quality of construction, construction schedules and costs of a project. We have reviewed three samples of monthly report prepared by engineering supervisory companies for the Group's project for which Shanghai Ditong was selected as the contractor and noted that those engineering supervisory companies have monitored the quality of construction, construction schedule and safety control of the project.

Majority of the Existing Contracts will continue in the remaining period of 2017 and in the next three years up to 2020. As the term of the Existing Construction Services Agreement will expire on 31 December 2017, it is necessary for the Company to enter into the New Construction Services Agreement with Shanghai Ditong so that the construction works undertaken by Shanghai Ditong can proceed. Also, the New Construction Services Agreement will facilitate the Group to enter into new contracts with Shanghai Ditong in the future if it wins in the relevant tender provided that the relevant annual cap will not be exceeded.

Taking into consideration of the above, in particular, (i) the entering into of New Construction Services Agreement will facilitate the Group to engage Shanghai Ditong as contractor for its construction projects in the future to the extent that the annual cap is not exceeded; and (ii) an independent certified engineering supervisory company will be engaged to monitor the construction progress and quality of the construction services provided by Shanghai Ditong for each of the Group's project, we concur with the Directors view that the entering into of the New Construction Services Agreement are in the ordinary and usual course of business of the Group and are in the interest of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the New Construction Services Agreements

The principal terms of the New Construction Services Agreements are set out below:

Date: 21 November 2017 (after trading hours)

Parties: (1) The Company; and (2) Shanghai Ditong

As set out in the Letter from the Board, the terms of the New Construction Services Agreement was negotiated and agreed on an arm's length basis between the Group and Shanghai Ditong. Pursuant to the New Construction Services Agreement, Shanghai Ditong will provide construction and related services (including but not limited to foundation engineering, fitting, decoration, door and window installment and construction raw material procurement) to the Group, subject to its winning the relevant tenders. Such tender winning requirements are further discussed in the subsequent paragraph. Further, we have obtained and reviewed the New Construction Services Agreement and noted that the terms of construction contracts to be signed pursuant to the New Construction Services Agreement shall be agreed on an arm's length basis between the Group and Shanghai Ditong, and on normal and commercial terms, or terms that will be no less favourable to the Group as compared to that offered by independent third parties of the Company.

According to the relevant PRC laws and regulations, in particular, the The Bidding Law of the People's Republic of China (中華人民共和國招標投標法), the Measures for the Bid Invitation and Bid Tendering for Construction and Engineering Projects (工程建設項目施工招標投標辦法), and the Procedures of Shanghai Municipality on the Administration of Construction Project Supervision (上海市建設工程招標投標管理辦法), a tender can only proceed if at least three construction companies, all having competent qualifications and the ability to undertake the construction work, have submitted tender bids. Accordingly, Shanghai Ditong will have to participate in the tender process required under relevant rules and regulations in the PRC for the construction projects of the Group. We are given to understand from the Management that Shanghai Ditong will be invited by the Group to participate in the tender to compete with other bidders which are independent from the Group, should it be considered as a suitable candidate for a construction project of the Group. The Company would evaluate Shanghai Ditong's suitability as a potential bidder taking into account the size and scale of the property project, the capacity of Shanghai Ditong, and the condition of the construction site of the property project. As disclosed in the 2016 Annual Report, The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines") on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong. According to the 2016 Annual Report, the Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines and has carried out the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong, and that the Group had followed the pricing policies and guidelines when determining the price and terms of the continuing connected transactions conducted during the year ended 31 December 2016. The provision of the construction and related services by Shanghai Ditong to the Group shall be subject to and in accordance with the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time. Further details of the internal control measures adopted by the Group are disclosed under the section headed “6. Internal Controls”.

In addition, an assessment committee has to be formed for each tender to review the bids and to select the successful bidder based on a number of criteria, including but not limited to industry experience of the bidders, quality and management of the proposed work, fee quote and safety measures employed. More than two-thirds of the members of such committee shall be independent industry experts with no interest in the relevant tender. We understood from the Management that, in the Group’s practice, such assessment committee shall be composed of five to seven members, in which there will be one or two representatives from the Group (where Mr. Zhang or its connected person will not be part of them) and several independent industry experts randomly chosen from a pool of industry experts. Selection criteria include but not limited to industry experience of the bidders, quality and management of the proposed work, fee quote as well as safety measures employed. We have reviewed the selected sample of score sheets prepared by an assessment committee for a construction project of the Group awarded to Shanghai Ditong in October 2015 and noted that Shanghai Ditong was selected as the contractor following the tender process as it got the highest score in total.

We have also reviewed five samples of the Existing Contracts and three samples of construction contracts of similar nature and scale entered into between the Group and independent construction company. Pursuant to those contracts, the transaction fees payable by the Group to Shanghai Ditong or independent construction companies have been stipulated in the relevant contracts. In respect of any additional or revised construction works of which the fee has not been stipulated in the relevant contracts, the amount payable by the Group will be determined with reference to market rates or rates similar to those offered to other independent third parties of the Company. Also, it is noted that the terms offered to Shanghai Ditong by the Group was no less favourable to the Group as compared to that offered to independent third parties of the Company.

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Taking into account of the factors above, in particular, (i) the terms of the New Construction Services Agreement are agreed on arm's length basis between the Company and Shanghai Ditong; (ii) the terms of construction contracts to be signed pursuant to the New Construction Services Agreement shall be agreed on an arm's length basis between the Group and Shanghai Ditong, and on normal and commercial terms, or terms that will be no less favourable to the Group as compared to that offered by independent third parties of the Company; (iii) the Group will not be obliged to engage Shanghai Ditong as its contractor under the New Construction Services Agreement; (iv) according to the relevant PRC laws and regulation, Shanghai Ditong will have to participate in tender for the Group's construction projects to compete with two or more bidders and two-third of members in the assessment committee formed to select successful bidders shall be industry experts independent from the Group; and (v) the fees payable by the Group to Shanghai Ditong for any new or revised construction works which has not been fixed in the relevant tender documents or construction contracts will be fixed either at market rates or rates similar to those offered to independent third parties of the Company, we concur with the Directors and are of the view that the terms under the New Construction Services Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the New Construction Services Agreement for the three years ending 31 December 2020 are as follows:

For the year ending 31 December		
2018	2019	2020
(RMB million)	(RMB million)	(RMB million)
1,800	1,500	1,200

As stated in the Letter from the Board, the proposed annual caps were determined with reference to the business strategy of the Group and taking into account factors such as (i) the historical transaction amounts; (ii) the anticipated increase in inflation rate, and costs of construction materials, machineries and labour costs; (iii) the estimated annual fees payable pursuant to the Existing Contracts; and (iv) the estimated annual fees payable pursuant to the potential contracts to be entered into with Shanghai Ditong (the "Potential Contracts"), based on the estimated budgets for the total construction costs and the historical construction costs incurred by the Group for such contracts, as well as the estimated annual fees payable by the Group according to the development stages of the construction projects.

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In order to assess the fairness and reasonableness of the proposed annual caps, we have obtained and reviewed its underlying calculations, discussed the basis and assumptions adopted in such calculations with the Management, and obtained supporting documents where appropriate. Our findings are as follows:

- (i) In respect of the historical transaction amounts in relation to the Existing Construction Services Agreement, they are set out in the below table with the respective annual caps for the two years ended 31 December 2016 and the ten months ended 31 October 2017:

	For the year ended 31 December 2015 <i>(RMB million)</i>	For the year ended 31 December 2016 <i>(RMB million)</i>	For the year ended 31 December 2017 <i>(RMB million)</i>
Annual cap	1,590.0	1,190.0	540.0
Historical transaction amount	958.5	549.0	381.6 (for the ten months ended 31 October 2017)

As set out in the table above, the historical transaction amounts were approximately RMB958.5 million, RMB549.0 million, and RMB381.6 million for the year ended 31 December 2015 and 2016, and the ten months ended 31 October 2017 respectively, representing the utilisation rates of the approved annual caps of approximately 60.3%, 46.1%, and 70.7% respectively.

In connection with the historical utilisation rates, we noted from the 2014 Circular that the annual caps of the Existing Construction Services Agreement was determined based on the then existing construction contracts between the Company and Shanghai Ditong as at the latest practicable date of the said circular. As disclosed in the Letter from the Board, the actual transaction amount varies year by year depending on different stages of construction. We have discussed with the Management and are given to understand that in practice the provision of construction and related services from Shanghai Ditong was subject to the actual development of the projects and/or result of tender. Any unsuccessful bidding by Shanghai Ditong in the tender and delay in the development stages of the projects would affect the utilisation rate;

- (ii) In respect of the anticipated increase in inflation rate, and the costs of construction materials, machineries and labour costs, we have discussed with the Management and understand that the said inflation rate represents the estimated increase in market rate of cost of construction materials, machineries and labour from 1 January 2018 to 31 December 2020. The Management expects the said increase during the three years ending 31 December 2020 in view of the fluctuation in the cost of construction materials, machineries and labour in Shanghai from June 2016 to June 2017, while the expected increase in the cost of construction materials, machineries and labour varies in different projects depending on factors such as the location, historical cost data, and the costs incurred in comparable projects of each of the project. As per discussion with Management, as the market rates of the various costs may increase or decrease depending on the market dynamics, they considered it is not relevant to assume a general inflation rate in deriving the annual caps for 2018 to 2020.

We noted from the website of the Shanghai Construction Engineering Costs Information* (上海建設工程造價訊息網) that the cost of labour, certain construction materials, especially Hot-rolled Plain Bar (8mm)* (熱軋光圓鋼筋 8mm), Hot-rolled Plain Bar (10mm)* (熱軋光圓鋼筋 10mm), Hot-rolled Ribbed Steel Bar (8mm)* (熱軋帶肋鋼筋 8mm), Hot-rolled Ribbed Steel Bar (10mm)* (熱軋帶肋鋼筋 10mm), Hot-rolled Ribbed Steel Bar (12mm)* (熱軋帶肋鋼筋 12mm) and certain machineries, especially frog rammer* (蛙式打夯機) increased by up to 9%, 73% and 98% respectively from June 2016 to June 2017 in Shanghai. We understand from the Management that such fluctuation in labour, construction materials and machineries prices during the period from June 2016 to June 2017 are taken into consideration when estimating the rise in market rate of cost of construction materials, machineries and labour for the three years ending 31 December 2020, and such estimated increase varies in different projects due to factors such as the difference in project nature and location, and our observation from the said website is in line with the representation of the Company. The website of Shanghai Construction Engineering Costs Information* is operated by the Shanghai Building Materials Industry Market Management Station* (上海市建築建材業市場管理總站) which is under Shanghai Housing and Urban Construction Management Committee* (上海市住房和城鄉建設管理委員會), a government department of the PRC. The statistics published on the website are provided by the Shanghai Housing and Urban Construction Management Committee*. We are given to understand from the Company that the operator of the said website is independent of the Company and its connected parties and it is an official source of information on the construction engineering costs in Shanghai; and

* For identification purpose only

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- (iii) In respect of the estimated annual fees payable pursuant to the Existing Contracts and the Potential Contracts, according to the Letter from the Board, such estimated annual fees payables are derived based on the development stages of the Existing Contracts and the Potential Contracts. The construction period for the construction projects varies according to the type of property and scale of the project. We have obtained and reviewed the projection (the “**Projection**”) prepared by the Company which sets out the estimated contract values on a project-by-project basis entered or potentially entered into with Shanghai Ditong during the period from 1 January 2018 to 31 December 2020. The Projection sets out the anticipated aggregate transaction amount of the Existing Contracts based on the current construction progress of the projects as well as the anticipated potential transaction amounts under the Potential Contracts. We noted from the Projection that the Company has engaged Shanghai Ditong for some of its construction projects and the ongoing development of certain projects of the Group will continue during the three years ending 31 December 2020 and will fall into the New Construction Services Agreement. Also, the estimated annual fees payable pursuant to the Existing Contracts for the three years ending 31 December 2020 are lower than those for the three years ended 31 December 2017, and, as previously disclosed, such estimated annual fee payable is estimated based on the estimated budgets for the total construction costs and the historical construction costs incurred by the Group for such contracts, as well as the estimated annual fees payable by the Group according to the development stages of the construction projects. Besides, we are given to understand from the Management and noted from the Projection that the Group intends to send out invitations to tender for approximately 13 property projects in the PRC, including but not limited to properties projects in Beijing, Shanghai, Nanjing, and other PRC cities from 2018 to 2020, and approximately six of which would be sent to Shanghai Ditong for bidding in late 2017 or early to mid 2018 and it is expected that the construction work of the new projects would commence in 2018. We also noted from the Projection that the monetary sizes of the Potential Contracts are in general smaller than that of the Existing Contracts, and we are advised by the Management that the major part of the construction works of the Potential Contracts are expected to occur during the three years ending 31 December 2020. Furthermore, we have obtained and reviewed five samples contracts of the Existing Contract and three samples of contracts of similar nature and size with independent third parties of the Company and we noted that the relevant construction costs are comparable with the estimated construction costs adopted in the calculation of the proposed annual caps.

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Taking into consideration of the above, we concur with the view of the Directors that the assumptions made and the factors used to determine the proposed annual caps are fair and reasonable.

6. Internal controls

We are given to understand from the Management that the Group has implemented the following measures to ensure that (a) individual transactions will be conducted in accordance with the terms of the New Construction Services Agreement, on normal commercial terms (or terms more favourable than terms available to independent parties), and in accordance with the pricing terms; and (b) the annual aggregate transaction amounts will not exceed the annual caps of the respective year:

- (i) engagement of a certified engineering supervisory company which is independent from the Group to monitor the construction work conducted by Shanghai Ditong, including but not limited to the quality, cost and schedule. Monthly report will be provided to the Group;
- (ii) the cost control department of the Company is and will continue to be responsible for supervising and controlling the transactions conducted by Shanghai Ditong and, by making reference to the monthly report mentioned in (i) above, to ensure that the aggregate transaction amounts will not exceed the annual caps of the respective year;
- (iii) annual review by the independent non-executive directors of the Company on the transactions entered under the New Construction Services Agreement and confirmation given by them as required under Rule 14A.55 under the Listing Rules; and
- (iv) annual report by the auditors on the continuing connected transactions of the Company to the Board as required under Rule 14A.56 under the Listing Rules.

We have obtained relevant supporting documents in connection with the abovementioned internal control measures where appropriate and we noted from the annual reports of the Company for the years 2014 to 2016 that the independent non-executive directors of the Company and the auditors have reviewed the transactions conducted between the Group and Shanghai Ditong under the Existing Construction Services Agreement for the year 2014 to 2016. The independent non-executive directors have confirmed that those transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Also, the auditors have reported to the Board that the continuing connected transactions for the years 2014 to 2016, which were governed by the Existing Construction Services Agreement, (i) have received the approval of the Board; (ii) have been entered into in accordance with the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the year 2014 to 2016 as set out in the circular published by the Company on 2 July 2014.

OPINION AND RECOMMENDATION

Taking into consideration the factors and reasons as stated above, we are of the opinion that:

- (i) the entering into of the New Construction Services Agreement is in the interests of the Company and the Shareholders as a whole;
- (ii) the terms of the New Construction Services Agreement and the proposed annual caps are fair and reasonable; and
- (iii) the New Construction Services Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020 at the EGM.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Ken Wong
Managing Director

Mr. Ken Wong is a licensed person registered with the Securities and Futures Commission and a responsible officer of Kingsway Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. He has over 14 years of experience in the field of corporate finance advisory in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules are listed as follows:

Name of Director	Personal Interests <i>(Note 1)</i>	Total	Approximate shareholding percentage in the Company <i>(Note 3)</i>
Mr. Cheng Li Xiong	15,500,000 <i>(Note 2)</i>	15,500,000	0.20
Mr. Ding Xiang Yang	15,000,000	15,000,000	0.19
Mr. Xia Jing Hua	5,000,000	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	5,000,000	0.06

Notes:

- (1) This represents interests held by the relevant Directors as beneficial owner in the share options granted to the Directors under the pre-IPO share option scheme of the Company to subscribe for Shares.
- (2) Ms. Wu Yi Wen is the beneficial owner of 500,000 Shares and is the spouse of Mr. Cheng Li Xiong, the chairman and a non-executive Director. By virtue of the SFO, Mr. Cheng Li Xiong is deemed to be interested in the said Shares. Mr. Cheng Li Xiong is also interested in share options to subscribe for 15,000,000 Shares, representing approximately 0.19% of the total issued share capital of the Company.
- (3) The percentage has been compiled based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 7,792,645,623 Shares).

All of the interests disclosed above represent long positions in the Shares.

Save as disclosed above, none of the Directors or the chief executive of the Company has any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as known to the Directors and the chief executives of the Company, the following persons (other than a Director or a chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Interests in Shares

Name of shareholder	Capacity	Number of Shares	Long position/ short position	Approximate shareholding percentage in the Company (Note 2)
Mr. Zhang Zhi Rong	Interested in controlled corporations/ Beneficial owner (Note 3)	5,326,022,436	Long position	68.35%
Best Era (Note 1)	Beneficial owner	4,975,729,436	Long position (Note 4)	63.85%
China Life Insurance (Overseas) Co. Ltd	Beneficial owner	571,210,000	Long position (Note 5)	7.33%

Notes:

- (1) Best Era is owned as to 100% by Mr. Zhang Zhi Rong, who is the sole director of Best Era.
- (2) The percentage has been compiled based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 7,792,645,623 Shares).

- (3) As at the Latest Practicable Date, Best Era, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,975,729,436 Shares, 81,936,000 Shares, 106,288,000 Shares, 119,313,000 Shares and 27,756,000 Shares respectively, representing in aggregate 5,311,022,436 Shares or approximately 68.15% of the total issued share capital of the Company. Mr. Zhang Zhi Rong was also interested in share options to subscribe for 15,000,000 Shares, representing approximately 0.19% of the total issued share capital of the Company.
- (4) According to the notice of dealing disclosures dated 8 November 2016, submitted to SFC by Best Era pursuant to Rule 22 of the Hong Kong Code on Takeovers and Mergers.
- (5) According to the notice of dealing disclosures dated 12 October 2016, submitted to SFC by China Life Insurance (Overseas) Co. Ltd. pursuant to Rule 22 of the Hong Kong Code on Takeovers and Mergers.

Save as disclosed above, so far as known to the Directors and the chief executives of the Company, as at the Latest Practicable Date, no person (other than a Director or a chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their respective close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

5. DIRECTORS' INTEREST IN ASSET AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any assets which have been since 31 December 2016 (being the date to which the latest published audited combined financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) any material interest in any contract or arrangement at the Latest Practicable Date which was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2016, being the date to which the latest published audited combined financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

Name	Qualifications
Kingsway Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Kingsway Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Kingsway Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. The aggregate of amounts due to the group of the Independent Financial Adviser from the Company did not exceed 10% of the total assets shown in the latest consolidated financial statements of the Independent Financial Adviser's ultimate holding company.

As at the Latest Practicable Date, Kingsway Capital Limited had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2016 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

9. GENERAL

- (a) The Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The company secretary of the Company is Mr. Cheng Ka Hang, Francis. Mr. Cheng is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company’s principal place of business in Hong Kong at Room 2202, 22/F, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Existing Construction Services Agreement;
- (b) the New Construction Services Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in page 12 of this circular;
- (d) the letter from Kingsway Capital Limited, the text of which is set out in pages 13 to 25 of this circular; and
- (e) the letter of consent from Kingsway Capital Limited referred to in the above paragraph headed “Expert and Consent” in the Appendix to this circular.

NOTICE OF EGM



恒盛地產
GLORIOUS PROPERTY

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Glorious Property Holdings Limited (the “Company”) will be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 28 December 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

THAT

- “1. (i) the execution of the construction services agreement dated 21 November 2017 (the “**New Construction Services Agreement**”) (a copy of which has been produced to the EGM marked “A” and signed by the Chairman of the meeting for identification purpose) entered into between the Company and 上海地通建設(集團)有限公司 (Shanghai Ditong Construction (Group) Co., Ltd.*) (“**Shanghai Ditong**”) by any director(s) of the Company be and is hereby approved, confirmed and ratified and any director(s) of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the implementation of the New Construction Services Agreement and the transactions contemplated thereunder; and
- (ii) the proposed annual caps for the three years ending 31 December 2020 in relation to the purchase of construction and related services from Shanghai Ditong under the New Construction Services Agreement as set out in the circular of the Company dated 6 December 2017 be and are hereby approved.”

By Order of the Board
Glorious Property Holdings Limited
Cheng Ka Hang, Francis
Company Secretary

Hong Kong, 6 December 2017

NOTICE OF EGM

Notes:

1. Any member entitled to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint one or more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Shareholders or their proxies shall present proofs of identities when attending the EGM (or any adjournment thereof).
2. Where there are joint holders of share(s), any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share(s) as if he/she were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) will alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or authority), must be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of EGM (or any adjournment thereof).
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof if he/she so desires. If a member attends the EGM or any adjournment thereof after having deposited the form of proxy, his/her form of proxy will be deemed to have been revoked.
5. The register of members of the Company will be closed from Thursday, 21 December 2017 to Thursday, 28 December 2017, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the extraordinary general meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 20 December 2017.
6. The resolution set out in this notice shall be decided by poll.

As at the date of this notice, the executive directors of the Company are Messrs. Ding Xiang Yang, Xia Jing Hua and Yan Zhi Rong; the non-executive director of the Company is Mr. Cheng Li Xiong; and the independent non-executive directors of the Company are Prof. Liu Tao, Mr. Wo Rui Fang and Mr. Han Ping.

* *For identification purpose only*