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Glorious Property Holdings Limited

恒盛地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00845)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF CONSTRUCTION SERVICES AGREEMENT

Reference is made to the circular of the Company dated 2 July 2014 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 2015 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 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 entered into the New Construction Services Agreement for a term of three years from 1 January 2018 to 31 December 2020.

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) holds more than 50% 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 New 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%, such transactions 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.

GENERAL

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) holds more than 50% 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 New Construction Services Agreements constitute continuing connected transactions of the Company.

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

A circular containing, among other things, (i) further details of the transactions contemplated under the New Construction Services Agreement, 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 extraordinary general meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 8 December 2017 in accordance with the Listing Rules.

BACKGROUND

Reference is made to the circular of the Company dated 2 July 2014 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 2015 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 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 entered into the New Construction Services Agreement for a term of three years from 1 January 2018 to 31 December 2020.

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 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.

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 (consists 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 and to select the successful bidder. 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.

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.

The above methods and procedures can ensure that the transactions will be conducted on normal commercial terms and not prejudiced to the interests of the Company and the minority shareholders.

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 <i>(RMB million)</i>	For the year ended 31 December 2016 <i>(RMB million)</i>	For the ten months ended 31 October 2017 <i>(RMB million)</i>
958.5	549.0	381.6

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
<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
1,800.0	1,500.0	1,200.0

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 the historical transaction amounts as disclosed above, the anticipated increase in inflation rate, costs of construction materials, machineries and labour costs, the estimated annual fees payable pursuant to the existing construction contracts that Shanghai Ditong is currently performing and the estimated annual fees payable pursuant to the potential contracts to be signed with Shanghai Ditong, 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.

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 familiarisation 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 (excluding the independent non – executive Directors who will express their view after receiving advice from the Independent Financial Adviser) 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 and the proposed annual caps for each of the three years ending 31 December 2020 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 and the proposed annual caps for each of the three years ending 31 December 2020, 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 New 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 date of this announcement, the Group has 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.

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) holds more than 50% 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 New 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.

GENERAL

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

A circular containing, 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 extraordinary general meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 8 December 2017 in accordance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Glorious Property Holdings Limited (恒盛地產控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“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”	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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2020
“Independent Shareholder(s)”	the shareholders of the Company, save for Best Era International Limited, 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 relevant resolutions 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 extraordinary general meeting of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macao Special Administration of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 over 50% by Mr. Zhang De Huang

“Shareholders” holders of shares of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 21 November 2017

As at the date of this announcement, 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 Cheng Li Xiong; the independent non-executive directors of the Company are Prof. Liu Tao, Messrs. Wo Rui Fang and Han Ping.

* *For identification purposes only*