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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

**REVISION OF 2014 ANNUAL CAP AND
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 pages 12 to 13 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 14 to 24 of this circular.

A notice convening the EGM to be held at Forum Room I (Basement 2), Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 7 August 2014 at 3:00 p.m. is set out on pages 30 to 31 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.

2 July 2014

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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 Forum Room I (Basement 2), Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 7 August 2014 at 3:00 p.m. for the purpose of considering and, if thought fit, approving the revision of the annual cap for the year ending 31 December 2014, 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 2017
“Existing Construction Services Agreement”	the framework construction services agreement dated 19 October 2011 entered into by the Company and Shanghai Ditong for a term of three years from 1 January 2012 to 31 December 2014 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

DEFINITIONS

“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 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 revision of the 2014 annual cap under the Existing 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 2017
“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 relevant resolutions in relation to the proposed revision of the 2014 annual cap, the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 at the EGM
“Latest Practicable Date”	25 June 2014, 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 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
“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 over 50% by 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. Cheng Li Xiong (*Chairman*)
Mr. Ding Xiang Yang (*Vice Chairman and
Chief Executive Officer*)
Mr. Xia Jing Hua (*Chief Financial Officer*)
Mr. Yan Zhi Rong

Independent Non-executive Directors

Mr. Liu Shun Fai
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:*

Suites 2501–2504, 25/F
Two Exchange Square
8 Connaught Place
Central, Hong Kong

2 July 2014

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF 2014 ANNUAL CAP AND
RENEWAL OF CONSTRUCTION SERVICES AGREEMENT**

BACKGROUND

Reference is made to the announcement of the Company dated 10 June 2014 in respect of the revision of the annual cap for the Existing Construction Services Agreement for the year ending 31 December 2014, the entering into of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of the revision of the 2014 annual cap for the Existing Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017; (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

10 June 2014

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 2015 to 31 December 2017. 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 (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 of a minimum of 3 bidders and to select the successful bidder. 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 2013 and the four months ended 30 April 2014:

For the year ended 31 December 2012 (RMB million)	For the year ended 31 December 2013 (RMB million)	For the 4 months ended 30 April 2014 (RMB million)
1,226	1,106	350

LETTER FROM THE BOARD

REVISION OF THE 2014 ANNUAL CAP

For the reasons set out more particularly in the paragraph “Basis for the proposed revised 2014 annual cap” below, the original annual cap for the transactions contemplated under the Existing Construction Services Agreement for the year ending 31 December 2014 will not be sufficient and needs to be revised, subject to approval of the Independent Shareholders, as follows:

For the year ending 31 December 2014	
Original Cap	Revised Cap
<i>(RMB million)</i>	<i>(RMB million)</i>
681.2	1,423

The total amount paid by the Group under the Existing Construction Services Agreement for the period up to the Latest Practicable Date had not exceeded the current annual cap for the year ending 31 December 2014.

Basis for the proposed revised 2014 annual cap

The proposed revision of the annual cap for the year ending 31 December 2014 in respect of the transactions under the Existing Construction Framework Agreement is due to the significant increase in construction costs including material, machineries and labour costs. Such increase was not contemplated when the annual cap for 2014 was determined back in 2011.

NEW ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2017

The proposed annual caps for the transactions contemplated under the New Construction Services Agreement for the three years ending 31 December 2017 are set out as follows:

For the year ending 31 December		
2015	2016	2017
<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
1,590	1,190	540

Basis for the proposed annual caps for each of the three years ending 31 December 2017

The above proposed annual caps for the three years ending 31 December 2017 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 estimated 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, 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.

LETTER FROM THE BOARD

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 2014, 2015, 2016 and 2017 were determined with reference to the reasonably anticipated aggregate transaction amount of the existing contracted projects between the Group and Shanghai Ditong based on the current construction progress of the projects. The construction of the majority of the projects with Shanghai Ditong is projected to commence in the second half of 2014 and in 2015, and hence the transaction amounts are relatively higher, whereas the projects are projected to be close to completion or completed during 2016 and 2017, and hence the transaction amounts would be relatively lower.

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 revision of the 2014 annual cap under the Existing Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 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 revision of the 2014 annual cap under the Existing Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 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 30 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

LETTER FROM THE BOARD

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 a controlling stake 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 revision of the 2014 annual cap under the Existing Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 in respect of the transactions contemplated under the New Construction Services Agreement exceed 5%, the proposed revision of the 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 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 revision of the annual cap for the year ended 31 December 2014, 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 2017. 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 resolutions.

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 5,314,216,436 Shares, representing approximately 68.20 % 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.

LETTER FROM THE BOARD

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 resolutions and is required to abstain from voting at the EGM.

A notice to convene the EGM is set out on pages 30 to 31 of this circular. The EGM will be held at Forum Room I (Basement 2), Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 7 August 2014 at 3:00 p.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 pages 12 to 13 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 14 to 24 of this circular in connection with the revision of the 2014 annual cap under the Existing Construction Services Agreement, the continuing connected transactions contemplated under the New Construction Services Agreement, the proposed annual caps for the three years ending 31 December 2017 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 (i) the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and (ii) the proposed revision of 2014 annual cap under the Existing Construction Services Agreement is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the revision of 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 at the EGM.

LETTER FROM THE BOARD

Accordingly, the Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the resolutions to approve the revision of 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to 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)

2 July 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF 2014 ANNUAL CAP AND
RENEWAL OF CONSTRUCTION SERVICES AGREEMENT**

We refer to the circular of the Company dated 2 July 2014 (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 proposed revision of the annual cap for the year ending 31 December 2014 under the Existing Construction Services Agreement, the transactions under the New Construction Agreement and proposed annual caps for each of the three years ending 31 December 2017 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 14 to 24 of the Circular, we are of the opinion that (i) the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

and the Shareholders as a whole; and (ii) the proposed revision of 2014 annual cap under the Existing Construction Services Agreement is fair and reasonable and in the interest of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed revision of 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 at the EGM.

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

Mr. Liu Shun Fai

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 revision of 2014 annual cap under the Existing Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017, for inclusion in this Circular.

SUNWAH KINGSWAY
新華滙富

2 July 2014

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

REVISION OF 2014 ANNUAL CAP AND 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 revision of 2014 annual cap under the Existing Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017, details of which are set out in the circular (the “**Circular**”) of the Company to the Shareholders dated 2 July 2014, 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 4 November 2011 (the “**2011 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 2012 to 31 December 2014 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 has reviewed the existing annual cap of the Existing Construction Services Agreement for the year ending 31 December 2014 and expected that the 2014 annual cap of RMB681.2 million as approved by the independent shareholders of the Company on 23 November 2011 will be exceeded. Further, the current term of the Existing Construction Services Agreement will expire on 31 December 2014. On 10 June 2014, 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 2015 to 31 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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) holds a controlling stake 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. 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 to approve the relevant resolutions in relation to the revision of 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the annual caps for the three years ending 31 December 2017.

As one or more of the applicable percentage ratios of the proposed revision of the 2014 annual cap under the Existing Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 in respect of the transactions contemplated under the New Construction Services Agreement exceed 5%, the proposed revision of the 2014 annual cap, the entering into of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017 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 proposed revision of the 2014 annual cap, the transactions contemplated under of the New Construction Services Agreement and the proposed annual caps for each of the three years ending 31 December 2017. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

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 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 revision of 2014 annual cap under the Existing 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 2017, we have taken into consideration the following principal factors and reasons:

1. Background and reasons for the revision of 2014 annual cap and the entering into of the New Construction Services Agreement

The Group is a property developer and seller of high-quality properties in key economic cities in the PRC. It recorded revenue of approximately RMB8,217.2 million for the year ended 31 December 2013. 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. Shanghai Ditong has won tenders for some of the Group's construction projects and has provided relevant services to the Group since 1999.

Reference is made to the 2011 Circular in respect of 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 2012 to 31 December 2014. Relevant resolutions for approving the Existing Construction Services Agreement and the related annual caps for the three years ending 31 December 2014 were passed by the independent shareholders of the Company at the extraordinary general meeting held on 23 November 2011 (the "2011 EGM").

On 10 June 2014, 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 2015 to 31 December 2017.

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, in order to monitor the construction progress and quality of the construction services provided by Shanghai Ditong, if it is selected to provide construction services to the Group after the tender

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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. 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 samples of monthly report prepared by engineering supervisory companies for the Group's projects for which Shanghai Ditong was selected as the contractor and note those engineering supervisory companies have monitored the quality of construction, construction schedule and safety control of the projects.

Construction works under the existing construction contracts signed between the Group and Shanghai Ditong in early 2014 or before will continue in the remaining period of 2014 and in the next three years up to 2017 (the "**Existing Contracts**"). The Existing Contracts were either (i) entered into before listing of the Company and waiver has been granted by the Stock Exchange exempting the Company from strict compliance with the announcement and independent shareholders' approval requirements of the Listing Rules, or (ii) entered into pursuant to the Existing Construction Services Agreement which, together with the relevant annual caps, were approved by the independent shareholders of the Company at the 2011 EGM. Under the Existing Construction Services Agreement, it is agreed by the parties that the validity of the construction contracts signed under which shall be subject to the compliance by the Company with relevant requirements under the Listing Rules. The Management confirmed that for 2012 to 2014, the actual amounts incurred were in compliance with the respective annual caps. As for the amounts to be incurred under the Existing Contracts which will extend beyond the existing 2014 annual cap, and the amounts to be incurred from 2015 to 2017, they will be subject to independent shareholders' approval at the EGM. As the term of the Existing Construction Services Agreement will expire on 31 December 2014, it is necessary for the Company to obtain independent shareholders' approval on its entering into of the New Construction Services Agreement with Shanghai Ditong and the relevant annual caps for 2015, 2016 and 2017 so that the construction works undertaken by Shanghai Ditong can proceed. Also, the entering into of 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.

The existing annual cap for 2014 under the Existing Construction Services Agreement was derived in 2011 based on the development stage of three construction contracts signed between the Group and Shanghai Ditong in 2011 or before. Shanghai Ditong won several tenders for the Group's projects subsequent to the 2011 EGM and thus signed several new construction contracts with the Group from 2012 to January 2014. As the transaction amount expected to be generated in 2014 from those new contracts has not been considered by the Group at the time of deriving the existing 2014 annual cap, the Directors expect that the existing 2014 annual cap will be exceeded.

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In addition, we noted from certain Existing Contracts that the actual transaction amount payable by the Group will be calculated based on, among others, the market rate of salary of construction labour and cost of construction materials and machineries as announced at official websites. Hence, should there be any inflation in those market rates, the actual transaction amount under the Existing Contracts will exceed the contract sum stipulated under the relevant Existing Contracts which was used by the Group to derive the existing 2014 annual cap. According to one of the designated websites, namely, 上海建築工程造價信息網, there was an inflation in the market rate of salary of construction labour in general and cost of some construction materials and machineries in April 2014 compared to April 2013.

Taking into consideration of the above, in particular, (i) it is necessary for the Group to obtain shareholders' approval on the revised 2014 annual cap and the entering into of the New Construction Services Agreement, together with the relevant annual caps for 2015, 2016 and 2017, so that construction works undertaken by Shanghai Ditong under the Existing Contracts can proceed in the remaining period in 2014 and the next three years up to 2017; (ii) the total transaction amount to be recognised in 2014 under the Existing Contracts is expected to exceed the existing 2014 annual cap; (iii) the entering into of the 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 of the relevant year is not exceeded, and (iv) 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 and are of the view that the revision of 2014 annual cap under the Existing Construction Services Agreement and the entering into of the New Construction Services Agreement, together with the relevant annual caps for 2015, 2016 and 2017, 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.

2. Principal terms of the Construction Services Agreements

Apart from the revision of the 2014 annual cap, the terms of the Existing Construction Services Agreement will remain unchanged.

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. Further, the terms of construction contracts to be signed pursuant to the New Construction Services 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.

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Should Shanghai Ditong be considered as a suitable candidate for a construction project of the Group, it will be invited by the Group to participate in the tender to compete with other bidders which are independent from the Group. As advised by the PRC legal advisers of the Company, according to the relevant PRC laws and regulations, in particular, the PRC Tendering and Bidding Law (中華人民共和國招標投標法) and its implementation rules and the Administrative Measures for the Bidding and Submission of Tenders for Construction Projects (工程建設項目施工招標投標辦法), 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. 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 Zhi Rong or his connected person will not be part of them) and several independent industry experts randomly chosen from a pool of industry experts. We have reviewed the selected samples of score sheets prepared by an assessment committee for a construction project of the Group in 2013 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 samples of the Existing Contracts and construction contract entered into between the Group and independent construction company. Pursuant to those contracts, the transaction amount payable by the Group to Shanghai Ditong or independent construction company 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. Also, it is stated in the New Construction Services Agreement that the terms offered to Shanghai Ditong by the Group will be no less favourable to the Group as compared to that offered to independent third parties.

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; (iii) the Group will not be obliged to engage Shanghai Ditong as its contractor under the New Construction Services Agreement; (iv) as advised by the PRC legal advisers of the Company, 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

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bidders shall be industry experts independent from the Group; and (v) the amount 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, 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.

3. Revised 2014 annual cap and the proposed annual caps for the three years ending 31 December 2017

Set out below are the breakdown of (i) the annual caps and actual transaction amount from 2012 to 2014 and (ii) the proposed annual caps from 2015 to 2017:

	Annual caps			Actual transaction amount			
	For the year ended/ ending 31 December			For the year ended 31 December			For the four months ended 30 April
	2012	2013	2014	2014	2012	2013	2014
			(original)	(revised)			
	<i>Unit: RMB million</i>						
Existing Construction							
Services Agreement	1,300.0	1,116.1	681.2	1,423	1,226	1,106	350
	2015	2016	2017				
New Construction							
Services Agreement	1,590	1,190	540		-	-	-

Revised 2014 annual cap

As stated in the Letter from the Board, the revision of the annual cap for the year ending 31 December 2014 in respect of the transactions under the Existing Construction Services Agreement is due to the significant increase in construction costs including material, machineries and labour costs as such increase was not contemplated when the annual cap for 2014 was determined back in 2011. The Directors expect that the total transaction amount with Shanghai Ditong in 2014 will be approximately RMB1,423 million, which will be much higher than the existing annual cap of RMB681.2 million.

As advised by the Company, the actual transaction amount with Shanghai Ditong for the four months ended 30 April 2014 amounted to approximately RMB350 million. Therefore, over 51% of the existing 2014 annual cap has been utilised.

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We noted from the terms of Existing Contracts, and as further confirmed by the Management, that the actual total transaction amount payable to Shanghai Ditong under the Existing Contracts will be adjusted should there be any revision or addition of construction works agreed by the parties in the actual course of the construction process or change in market rate of construction costs. Hence, it is expected that there will be variance between the actual amount payable by the Group to Shanghai Ditong under the Existing Contracts and the contract sum stated under the relevant contracts.

We have reviewed and compared the breakdown of transaction amount estimated to be recognised in 2014 by projects undertaken by Shanghai Ditong as prepared by the Group in 2011 (the “**Previous Breakdown**”) to derive the existing 2014 annual cap, and the one prepared to derive the revised 2014 annual cap and the proposed annual cap for the three years ending 31 December 2017 (the “**Revised Breakdown**”). We noted that the transaction amount estimated to be recognised in 2014 previously and currently in the two breakdowns is close to the existing and revised 2014 annual cap respectively, and the respective transaction amounts estimated to be recognised in 2015, 2016 and 2017 are close to the annual cap in 2015, 2016 and 2017 respectively. Furthermore, we noted from the Previous Breakdown that the existing 2014 annual cap was derived by the transaction amount expected to be recognised in 2014 under three contracts signed between the Group and Shanghai Ditong in 2011 or before. According to the Revised Breakdown, there is a revision in the construction schedule in the three projects mentioned above, but the revised transaction amount in 2014 attributable to them as a result will not exceed the existing 2014 annual cap. As advised by the Management, Shanghai Ditong won four tenders for the Group’s projects subsequent to the 2011 EGM and thus has signed new contracts with the Group from 2012 to January 2014. Construction works under those new contracts are in progress in 2014. Based on the construction schedule and resulting additional transaction amount in aggregate expected to be recognised in 2014 under those new contracts, the Directors expect that the existing 2014 annual cap will be exceeded.

In addition, pursuant to samples of the Existing Contracts, the actual transaction amount payable by the Group will be calculated based on, among others, the market rate of cost of labour, construction materials and machineries as announced in certain official websites. We understood from the Company that the market rate of cost of labour, construction materials and machineries as at April 2014 has been assumed to derive the expected transaction amount in 2014 in the Revised Breakdown. We noted from such websites that there was an inflation in the market rate of cost of construction labour in general of up to 36%, certain construction materials of up to 49% and certain machineries of up to 11% respectively in April 2014 compared to April 2013. We are satisfied that the basis of determining the revised 2014 annual cap are fair and reasonable.

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Proposed annual caps for the three years ending 31 December 2017

The proposed annual caps for the three years ending 31 December 2017 are RMB1,590 million, RMB1,190 million and RMB540 million respectively. As stated in the Letter from the Board, such 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 mentioned above, (ii) the estimated costs of construction materials, machineries and labour, (iii) the estimated annual fees payable pursuant to the existing construction contracts that Shanghai Ditong is currently performing, 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 (iv) the estimated annual fees payable by the Group according to the development stages of the construction projects.

We have reviewed the Revised Breakdown and selected samples contracts of the Existing Contracts. We noted that the expected annual transaction amount from 2015 to 2017 is derived based on the development stages of the Existing Contracts, and understood from the Management that such amounts have taking into account of the market rate of cost of construction materials, machineries and labour as at April 2014. As mentioned above, we noted from the said websites that the cost of labour, certain construction materials and certain machineries increased by up to 36%, 49% and 11% respectively from April 2013 to April 2014. As per discussion with Management, from their experience, the market rates of the various costs may increase or decrease depending on the market dynamics. Hence, they considered it is not relevant to assume a general inflation rate in deriving the annual caps for 2015 to 2017. Furthermore, according to the Revised Breakdown, the Group has not assumed any contract to be signed between the Group and Shanghai Ditong from 2015 to 2017. Also, the construction of a majority of the Existing Contracts is expected to complete by 2016. Hence, the annual cap for the year ending 31 December 2017 is RMB540 million, which is much smaller than the annual cap for each of the three years ending 31 December 2016. We are satisfied that the basis of determining the proposed annual caps for the three years ending 31 December 2017 and thus the such annual caps are fair and reasonable.

Taking into account of the above, in particular, (i) the Group's estimation of the annual amount payable by the Group to Shanghai Ditong from 2014 to 2017; (ii) over 51% of the existing 2014 annual cap has been utilised up to 30 April 2014; and (iii) the inflation in market rate of cost of labour, construction materials and machineries from April 2013 to April 2014, we consider that the revision of 2014 annual cap and the proposed annual caps for the three years ending 31 December 2017 and thus the basis for determining such annual caps are fair and reasonable.

4. Internal controls

As set out in the Letter from the Board and further confirmed by the Management, 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, in particular, 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 continuing connected transactions of the Company and confirmation given by them as required under Rule 14A.37 under the Listing Rules; and
- (iv) annual review by the auditors on the continuing connected transactions of the Company and their report to the Board as required under Rule 14A.38 under the Listing Rules.

We have noted in the annual reports of the Company for the years 2012 to 2013 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 2012 and 2013. 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 2012 and 2013, 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 relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the year 2012 and 2013 as set out in the announcement published by the Company on 19 October 2011 or the 2011 Circular.

Taking into account of the above, we are of the view that appropriate measures will be in place to govern the transactions to be conducted under the Construction Services Agreements to ensure compliance with relevant requirements under the Listing Rules.

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RECOMMENDATION

Having considered the above principal factors and reasons, in particular,

- (i) the necessity to obtain independent shareholders' approval on the entering into of the New Construction Service Agreement and the related annual caps to allow the construction works under the Existing Contracts to proceed in the next three years from 2015 to 2017; and
- (ii) the Group's estimation of the transaction amount to be recognised under the Existing Contracts from 2015 to 2017,

we are of the view that the transactions contemplated under the New Construction Services Agreement and the proposed annual caps for the three years ending 31 December 2017 are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

After taking into consideration of

- (i) the transaction amount expected to be recognised under the contracts entered into between the Group and Shanghai Ditong after the 2011 EGM have not been considered in deriving the existing annual 2014 annual cap;
- (ii) over 51% of the existing 2014 annual cap has been utilised up to 30 April 2014; and
- (iii) the inflation in market rate of cost of labour, construction materials and machineries, as evidenced by the relevant rates as at April 2014 compared to that as at April 2013, leading to increase in amount payable to Shanghai Ditong in 2014 under the Existing Contracts,

we are of the view that the revision of 2014 annual cap under the Existing Construction Services Agreement is fair and reasonable and in the interest of the Company and Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the revision of 2014 annual cap under the Existing Construction Services Agreement, the entering into of the New Construction Services Agreement and the annual caps for the three years ending 31 December 2017 at the EGM.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Liu Kam Yin **Chan Man Yee**
Director *Associate Director*

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	Number of Shares			Approximate shareholding percentage in the Company (Note 3)
	Personal Interests (Note 1)	Corporate Interests	Total	
Mr. Cheng Li Xiong	15,500,000 (Note 2)	–	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 in the Company.
- (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 an executive Director of the Company. 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 of the Company 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 of the Company.

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)	5,329,216,436	Long position	68.39%
Best Era (Note 1)	Beneficial owner	4,978,923,436	Long position	63.89%
China Life Insurance (Group) Company (Note 4)	Interested in controlled corporation	701,531,000	Long position	9.00%
China Life Insurance (Overseas) Co. Ltd (Note 4)	Beneficial owner	701,531,000	Long position	9.00%

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 4,978,923,436 Shares, 81,936,000 Shares, 106,288,000 Shares, 119,313,000 Shares and 27,756,000 Shares respectively, representing in aggregate 5,314,216,436 Shares or approximately 68.20% 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) China Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

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 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 2013 (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 2013, 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 2013 (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 Ms. Tai Wing Kwan, Catherine. She is a solicitor in Hong Kong.
- (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 Suites 2501–2504, 25th Floor, Two Exchange Square, 8 Connaught Place, Central, 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 pages 12 to 13 of this circular;
- (d) the letter from Kingsway Capital Limited, the text of which is set out in pages 14 to 24 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 Forum Room I (Basement 2), Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 7 August 2014 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. THAT

“the revision of the proposed annual cap for the year ending 31 December 2014 in relation to the purchase of construction and related services from Shanghai Ditong under the construction services agreement dated 19 October 2011 (the “Existing 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”) as set out in the circular of the Company dated 2 July 2014 (the “Circular”) be and are hereby approved”.

2. THAT

“(i) the execution of the construction services agreement dated 10 June 2014 (the “New Construction Services Agreement”) (a copy of which has been produced to the EGM marked “B” and signed by the Chairman of the meeting for identification purpose) entered into between the Company and 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

NOTICE OF EGM

- (ii) the proposed annual caps for the three years ending 31 December 2017 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 and are hereby approved.”

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

Hong Kong, 2 July 2014

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. All the resolutions set out in this notice shall be decided by poll.
6. As at the date of this notice, the executive directors of the Company are Messrs. Cheng Li Xiong, Ding Xiang Yang, Xia Jing Hua and Yan Zhi Rong; and the independent non-executive directors of the Company are Messrs. Liu Shun Fai, Wo Rui Fang and Han Ping.

* *For identification purpose only*