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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 – ADJUSTMENT OF PROPOSED ANNUAL CAPS UNDER NEW CONSTRUCTION SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 in respect of the New Construction Services Agreement and the Revised Annual Caps for each of the three years ending 31 December 2020. As disclosed in the poll results announcement of the Company dated 21 March 2018, the resolution on the approval of the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Revised Annual Caps for each of the three years ending 31 December 2020 as set out in the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 was proposed but not passed at the extraordinary general meeting of the Company held on 21 March 2018. In light of the business needs of the Group and the benefits of continuing the existing transactions with Shanghai Ditong, the Board proposes to further adjust the Revised Annual Caps to the Adjusted Annual Caps and to seek the approval of the Independent Shareholders for the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps.

IMPLICATIONS UNDER THE LISTING RULES

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

As one or more of the applicable percentage ratios of the Adjusted Annual Caps exceed 5%, the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to obtaining approval from the Independent Shareholders of the Adjusted Annual Caps for the three years ending 31 December 2020 under the New Construction Services Agreement, the Company will closely monitor the aggregate transaction amount of the transactions under the New Construction Services Agreement to ensure that the applicable percentage ratios in respect of such transactions fall below 5%, which is RMB135,000,000, for each of the three years ending 31 December 2020.

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 Adjusted Annual Caps. 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 Adjusted Annual Caps; (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 5 October 2018 in accordance with the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 in respect of the New Construction Services Agreement and the Revised Annual Caps for each of the three years ending 31 December 2020. As disclosed in the poll results announcement of the Company dated 21 March 2018, the resolution on the approval of the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Revised Annual Caps for each of the three years ending 31 December 2020 as set out in the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 was proposed but not passed at the extraordinary general meeting of the Company held on 21 March 2018.

In light of the business needs of the Group and the benefits of continuing the existing transactions with Shanghai Ditong, the Board proposes to further adjust the Revised Annual Caps to the Adjusted Annual Caps and to seek the approval of the Independent Shareholders for the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps.

THE NEW CONSTRUCTION SERVICES AGREEMENT

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

Date

21 November 2017

Parties

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

Nature of transactions

Shanghai Ditong will provide construction and related services (including but not limited to foundation engineering, fitting, decoration, door and window installation and construction raw material procurement) to the Group. Shanghai Ditong will have to participate in the tender process required under the rules and regulations in the PRC for the construction projects of the Group. The provision of the above construction and related services by Shanghai Ditong to the Group shall be subject to and in accordance with the tender documents and the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time.

Conditions precedent

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

Term and renewal

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

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

Pricing basis

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

Internal controls

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

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

HISTORICAL TRANSACTION AMOUNTS

The table below sets forth the historical transaction amounts between the Group to Shanghai Ditong in relation to the Previous Construction Services Agreement for the three years ended 31 December 2017:

| For the year ended 31 December 2015 <i>(RMB million)</i> | For the year ended 31 December 2016 <i>(RMB million)</i> | For the year ended 31 December 2017 <i>(RMB million)</i> |
|--|--|--|
| 958.5 | 549.0 | 540.0 |

ADJUSTED ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2020

The Revised Annual Caps was proposed but not passed at the extraordinary general meeting of the Company held on 21 March 2018. In light of the business needs of the Group and the benefits of continuing the existing transactions with Shanghai Ditong, the Board proposes to further adjust the Revised Annual Caps to the Adjusted Annual Caps.

The Adjusted Annual Caps for the transactions contemplated under the New Construction Services Agreement for the three years ending 31 December 2020, together with the previous Revised Annual Caps, are set out as follows:

| | For the year ending 31 December 2018 <i>(RMB million)</i> | For the year ending 31 December 2019 <i>(RMB million)</i> | For the year ending 31 December 2020 <i>(RMB million)</i> |
|----------------------|---|---|---|
| Revised Annual Caps | 700.0 | 500.0 | 200.0 |
| Adjusted Annual Caps | 450.0 | 330.0 | 180.0 |

Basis for the Adjusted Annual Caps

The Adjusted Annual Caps were determined with reference to the business strategy of the Group and taking into account of factors such as (i) the historical transaction amounts; (ii) the anticipated increase in inflation in the costs of construction materials, machineries, and labour; and (iii) the estimated annual fees payable pursuant to the Existing Contracts, based on the estimated budgets for the total construction costs and the historical construction costs incurred by the Group for such contracts, as well as the estimated annual fees payable by the Group according to the development stages of the construction projects.

The aggregated amount of the Adjusted Annual Caps is lower than the Revised Annual Caps by approximately RMB440 million or 31.4%. The further reduction in the amount was resulted from the following factors: (i) as far as allowed by the relevant laws and regulations, the Group has negotiated and agreed with Shanghai Ditong, to hire other independent third parties to take on certain construction works under the Existing Contracts; (ii) the Group will be responsible for the procurement of certain construction raw materials in order to minimise the amount of transactions with Shanghai Ditong in the future; (iii) the Group plans to

terminate one of the Existing Contracts with Shanghai Ditong for one of the Group's projects in Shanghai that is currently at an early stage of the construction cycle; and (iv) the inclusion of a new contract with Shanghai Ditong for the last phase of the Group's project in Wuxi and the resumption of the outstanding construction work of the basement carpark for the Group's project in Beijing.

Prior to obtaining approval from the Independent Shareholders of the Adjusted Annual Caps for the three years ending 31 December 2020 under the New Construction Services Agreement, the Company will closely monitor the aggregate transaction amount of the transactions under the New Construction Services Agreement to ensure that the applicable percentage ratios in respect of such transactions fall below 5%, which is RMB135,000,000, for each of the three years ending 31 December 2020.

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. There are certain Existing Contracts entered into by the Group with Shanghai Ditong, which would require the continued payment of construction fees by the Group to Shanghai Ditong according to the development stages of the construction projects involved. As the term of the Previous Construction Services Agreement expired on 31 December 2017, it is necessary for the Company to enter into the New Construction Services Agreement with Shanghai Ditong so that the construction works undertaken by Shanghai Ditong according to the Existing Contracts can proceed.

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 the advice from the Independent Financial Adviser) are of the view that the New Construction Services Agreement was entered into in the ordinary and usual course of business of the Group, is on normal commercial terms and that the terms of the New Construction Services Agreement and the Adjusted Annual Caps are fair and reasonable and in the interests 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 resolution of the Board approving the entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps, 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 transactions under the New Construction Services Agreement or is required to abstain from voting on the relevant resolution 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 at the date of this announcement, the Group had development projects in various PRC cities including Beijing, Tianjin, Shanghai, Wuxi, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

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

IMPLICATIONS UNDER THE LISTING RULES

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

As one or more of the applicable percentage ratios of the Adjusted Annual Caps exceed 5%, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to obtaining approval from the Independent Shareholders of the Adjusted Annual Caps for the three years ending 31 December 2020 under the New Construction Services Agreement, the Company will closely monitor the aggregate transaction amount of the transactions under the New Construction Services Agreement to ensure that the applicable percentage ratios in respect of such transactions fall below 5%, which is RMB135,000,000, for each of the three years ending 31 December 2020.

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 Adjusted Annual Caps. 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 Adjusted Annual Caps; (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 5 October 2018 in accordance with the Listing Rules.

DEFINITIONS

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| “Adjusted Annual Caps” | the further adjusted annual caps for the transactions contemplated under the New Construction Services Agreement for each of the three years ending 31 December 2020 as set out in this announcement |
| “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 |
| “Construction Services Agreements” | the Previous Construction Services Agreement and the New Construction Services Agreement |
| “Director(s)” | the director(s) of the Company |
| “Existing Contracts” | the existing construction contracts entered into by the Group and Shanghai Ditong in respect of the construction of the Group’s property development projects |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Board consisting of all the independent non-executive Directors |
| “Independent Financial Adviser” | 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 entering into of the New Construction Services Agreement, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps |

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| “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, the transactions contemplated under the New Construction Services Agreement and the Adjusted Annual Caps 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 |
| “Previous 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 |
| “Revised Annual Caps” | the proposed annual caps for the transactions contemplated under the New Construction Services Agreement for each of the three years ending 31 December 2020 as set out in the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 |

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|-------------------|---|
| “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 95.20% by Mr. Zhang De Huang and 4.80% by Ms. Zhang Cui Lan, the spouse of Mr. Zhang De Huang |
| “Shareholder(s)” | holder(s) of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the Board
Glorious Property Holdings Limited
Ding Xiang Yang
Chairman

Hong Kong, 21 September 2018

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 independent non-executive directors of the Company are Prof. Liu Tao, Mr. Wo Rui Fang and Mr. Han Ping.

* *For identification purpose only*