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Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

CONTINUING CONNECTED TRANSACTIONS

On 5 September 2014, the Group entered into the following agreements:

- (a) Shanghai Zhongjun (a 54.85% beneficially owned subsidiary of the Company) and Gemdale Building (a wholly-owned subsidiary of Gemdale Corporation which is the ultimate controlling shareholder of the Company) entered into the Agreement One, pursuant to which Shanghai Zhongjun agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein;
- (b) Shenzhen Vision (a wholly-owned subsidiary of the Company) and Gemdale Building entered into (i) the Agreement Two and (ii) Agreement Three, pursuant to which Shenzhen Vision agreed to engage Gemdale Building to provide certain project services for (i) replacement of circuit breakers; and (ii) transformation of monitoring systems for the property project set out therein;
- (c) Dalian Huiquan (a wholly-owned subsidiary of the Company) and Gemdale Building entered into the Agreement Four, pursuant to which Dalian Huiquan agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein; and
- (d) Shenyang Gemdale Yuefeng (a wholly-owned subsidiary of the Company) and Gemdale Building entered into the Agreement Five, pursuant to which Shenyang Gemdale Yuefeng agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein.

Gemdale Corporation is the ultimate controlling shareholder of the Company. Gemdale Building is a wholly-owned subsidiary of Gemdale Corporation and therefore, Gemdale Corporation and Gemdale Building are connected persons of the Company. Accordingly, the Agreements (aggregated under Rule 14A.81 of the Listing Rules) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual cap under the Agreements (after aggregation under Rule 14A.81 of the Listing Rules) is higher than 0.1% but less than 5% on an annual basis, the Agreements are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A.76(2) of the Listing Rules.

INTRODUCTION

On 5 September 2014, the Group entered into the following agreements:

- (a) Shanghai Zhongjun (a 54.85% beneficially owned subsidiary of the Company) and Gemdale Building (a wholly-owned subsidiary of Gemdale Corporation which is the ultimate controlling shareholder of the Company) entered into the Agreement One, pursuant to which Shanghai Zhongjun agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein;
- (b) Shenzhen Vision (a wholly-owned subsidiary of the Company) and Gemdale Building entered into (i) the Agreement Two and (ii) Agreement Three, pursuant to which Shenzhen Vision agreed to engage Gemdale Building to provide certain project services for (i) replacement of circuit breakers; and (ii) transformation of monitoring systems for the property project set out therein;
- (c) Dalian Huiquan (a wholly-owned subsidiary of the Company) and Gemdale Building entered into the Agreement Four, pursuant to which Dalian Huiquan agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein; and
- (d) Shenyang Gemdale Yuefeng (a wholly-owned subsidiary of the Company) and Gemdale Building entered into the Agreement Five, pursuant to which Shenyang Gemdale Yuefeng agreed to engage Gemdale Building to provide certain intelligent system project services for the property development project set out therein.

CONTINUING CONNECTED TRANSACTIONS

(A) Agreement One

The principal terms of the Agreement One are as follows:-

Date: 5 September 2014

Parties: (a) Shanghai Zhongjun (as the employer); and
(b) Gemdale Building (as the contractor)

Duration: The Agreement One shall be effective from 5 September 2014 until completion of the performance of services under the Agreement One, provided that the term should not end later than 31 December 2014.

Project location: Plot 2B, Phase 2, Gemdale Sijing Project, Songjiang, Shanghai

Project scope: Shanghai Zhongjun agreed to engage Gemdale Building to provide intelligent system project services, including parking management system, access control system, video security monitoring system, building visible intercom networking system, indoor alarm system, home cabling system, five-party intercom system, and intelligent integrated network and electric power distribution system, etc. for the property development project set out in the Agreement One. The project scope includes the procurement and construction of materials and equipment.

The project services provided by Gemdale Building shall meet the technical requirements and quality standards as set out in the Agreement One.

Project fee: Aggregate contract sum of RMB6,014,405 (equivalent to approximately HK\$7,518,006)

Payment of the project fee shall be made by Shanghai Zhongjun to Gemdale Building in the following manners:

- (i) the progress payment shall be settled by the employer to the contractor every month provided that the progress payment have only become payable if the amount accumulated is more than RMB100,000 (equivalent to approximately HK\$125,000). The cumulative progress payment shall be paid up to 80% of the aggregated amount of the contract sum plus the supplemental budget which are accepted by the employer as set out in the Agreement One;
- (ii) the contractor should submit the completed settlement information within 3 months after completion and certification of the project and the employer should finish the final audit of the project completion within 3 months after receipt of the settlement information and then sign a settlement agreement. The payment shall be made up to 95% of the total settlement amount; and
- (iii) the balance of 5% shall be the warranty amount. The employer shall confirm the quality of the project within 15 business days from the expiry of 2 years' warranty and shall pay the contractor the balance of the warranty amount after deducted the warranty charges (if any). If the warranty amount is insufficient to recover the warranty charges, the employer has the right to require the contractor for reimbursement.

(B) Agreement Two and Agreement Three

The principal terms of the Agreement Two and Agreement Three are as follows:-

	Agreement Two	Agreement Three
Date:	5 September 2014	5 September 2014
Parties:	(a) Shenzhen Vision (as the purchaser); and (b) Gemdale Building (as the vendor)	(a) Shenzhen Vision (as the purchaser); and (b) Gemdale Building (as the vendor)
Duration:	The Agreement Two shall be effective from 5 September 2014 until completion of the performance of services under the Agreement Two, provided that the term should not end later than 31 December 2014.	The Agreement Three shall be effective from 5 September 2014 and should be completed within 90 days from the date of the Agreement Three.
Project location:	Phases 1 and 2, Vision Shenzhen Business Park, Nanshan district, Shenzhen.	Phases 1 and 2, Vision Shenzhen Business Park, Nanshan district, Shenzhen.
Project scope:	Shenzhen Vision agreed to engage Gemdale Building to provide the relevant materials and installation for replacement of circuit breakers for the property project set out in the Agreement Two. The project services provided by Gemdale Building shall meet the technical requirements and quality standards as set out in the Agreement Two.	Shenzhen Vision agreed to engage Gemdale Building to proceed the transformation of monitoring systems for the property project set out in the Agreement Three. The project services provided by Gemdale Building shall meet the technical requirements and quality standards as set out in the Agreement Three.
Project fee:	Aggregate contract sum of RMB34,997 (equivalent to approximately HK\$43,746)	Aggregate contract sum of RMB800,912 (equivalent to approximately HK\$1,001,140)

Payment of the project fee shall be made by Shenzhen Vision to Gemdale Building in the following manners:

- (i) the progress payment shall be settled by the purchaser to the vendor every month based on the batches of goods supply. The cumulative progress payment shall be paid up to 80% of the aggregated amount of the contract sum plus the supplemental budget which are accepted by the purchaser as set out in the Agreement Two ;
- (ii) the vendor should submit the completed settlement information within 3 months after completion and certification of the project and the purchaser should finish the final audit of the project completion within 3 months after receipt of the settlement information and then sign a settlement agreement. The payment shall be made up to 95% of the total settlement amount; and
- (iii) the balance of 5% shall be the warranty amount. The purchaser shall confirm the quality of the project within 15 business days from the expiry of 2 years' warranty and shall pay the vendor the balance of

Payment of the project fee shall be made by Shenzhen Vision to Gemdale Building in the following manners:

- (i) the progress payment shall be settled by the purchaser to the vendor every month based on the performance completed. The cumulative progress payment shall be paid up to 80% of the aggregated amount of the contract sum;
- (ii) the vendor should submit the completed settlement information within 6 days after completion and certification of the project and the purchaser should finish the final audit of the project completion within 21 days after receipt of the settlement information and then sign a settlement agreement. The payment shall be made up to 95% of the total settlement amount within 28 days of the settlement agreement; and
- (iii) the balance of 5% shall be the warranty amount. The purchaser shall confirm the quality of the project within 28 business days from the expiry of 2 years' warranty and shall pay the vendor the balance of

the warranty amount after deducted the warranty charges (if any). If the warranty amount is insufficient to recover the warranty charges, the purchaser has the right to require the vendor for reimbursement.

the warranty amount after deducted the warranty charges (if any). If the warranty amount is insufficient to recover the warranty charges, the purchaser has the right to require the vendor for reimbursement.

(C) Agreement Four

The principal terms of the Agreement Four are as follows:-

Date: 5 September 2014

Parties: (a) Gemdale Huiquan (as the employer); and
(b) Gemdale Building (as the contractor)

Duration: The Agreement Four shall be effective from 5 September 2014 until completion of the performance of services under the Agreement Four, provided that the term should not end later than 31 December 2014.

Project location: 大連市甘井子區大連灣前鹽村金地大連檀溪項目 (Gemdale Dalian Tanxi Project, Qianyancun, Dalian Wan, Ganjingzi district, Dalian*)

Project scope: Gemdale Huiquan agreed to engage Gemdale Building to provide certain intelligent system project services, including CCTV system, background music system, alarm system, outdoor network system and integrated wiring system, etc. for sale offices and show flats of the property development project set out in the Agreement Four. The project scope includes project design, procurement and construction of materials and equipment.

The project services provided by Gemdale Building shall meet the technical requirements and quality standards as set out in the Agreement Four.

Project fee: Aggregate contract sum of RMB358,949 (equivalent to approximately HK\$448,686)

Payment of the project fee shall be made by Gemdale Huiquan to Gemdale Building in the following manners:

- (i) the progress payment shall be settled by the employer to the contractor every month provided that the progress payment have only become payable if the amount accumulated is more than RMB100,000 (equivalent to approximately HK\$125,000). The cumulative progress payment shall be paid up to 80% of the aggregated amount of the contract sum plus the supplemental budget which are accepted by the employer as set out in the Agreement Four;
- (ii) the contractor should submit the completed settlement information within 3 months after completion and certification of the project and the employer should finish the final audit of the project completion within 3 months after receipt of the settlement information and then sign a settlement agreement. The total amount of payments shall be paid up to 95% of the settlement amount; and
- (iii) the balance of 5% shall be the warranty amount. The employer shall confirm the quality of the project within 15 business days from the expiry of 2 years' warranty and shall pay the contractor the balance of the warranty amount after deducted the warranty charges (if any). If the warranty amount is insufficient to recover the warranty charges, the employer has the right to require the contractor for reimbursement.

(D) Agreement Five

The principal terms of the Agreement Five are as follows:-

Date: 5 September 2014

Parties: (a) Shenyang Gemdale Yuefeng (as the employer); and
(b) Gemdale Building (as the contractor)

Duration: The Agreement Five shall be effective from 5 September 2014 until completion of the performance of services under the Agreement Five, provided that the term should not end later than 31 December 2014.

Project location: 瀋陽市皇姑區鴨綠江街瀋陽金地悅峰項目 (Shenyang Gemdale Yuefeng Project, Yalujiang street, Huanggu district, Shenyang*)

Project scope: Shenyang Gemdale Yuefeng agreed to engage Gemdale Building to provide certain intelligent system project services, including CCTV system, background music system, information distribution system, integrated wiring system and integrated network system, etc. for sale offices and show flats of the property development project set out in the Agreement Five. The project scope includes project design, procurement and construction of materials and equipment.

The project services provided by Gemdale Building shall meet the technical requirements and quality standards as set out in the Agreement Five.

Project fee: Aggregate contract sum of RMB430,786 (equivalent to approximately HK\$538,483)

Payment of the project fee shall be made by Shenyang Gemdale Yuefeng to Gemdale Building in the following manners:

- (i) the progress payment shall be settled by the employer to the contractor every month provided that the progress payment have only become payable if the amount accumulated is more than RMB50,000 (equivalent to approximately HK\$62,500). The cumulative progress payment shall be paid up to 80% of the aggregated amount of the contract sum plus the supplemental budget which are accepted by the employer as set out in the Agreement Five;
- (ii) the contractor should submit the completed settlement information within 3 months after completion and certification of the project and the employer should finish the final audit of the project completion within 3 months after receipt of the settlement information and then sign a settlement agreement. The total amount of payments shall be paid up to 95% of the settlement amount; and
- (iii) the balance of 5% shall be the warranty amount. The employer shall confirm the quality of the project within 15 business days from the expiry of 2 years' warranty and shall pay the contractor the balance of the warranty amount after deducted the warranty charges (if any). If the warranty amount is insufficient to recover the warranty charges, the employer has the right to require the contractor for reimbursement.

The above agreed fee of the Agreements has been determined after arm's length negotiations between Shanghai Zhongjun, Shenzhen Vision, Dalian Huiquan, Shenyang Gemdale Yuefeng and Gemdale Building respectively with reference to (i) the services fee related to the project design, procurement and construction costs of materials and equipment, tax, installation, monitoring and testing for the relevant projects; (ii) the cost quotations obtained by the Group from various independent services providers for provision of similar project services and (iii) taking into account the expertise and experience of Gemdale Building in intelligent system projects as well as the prevailing market conditions.

The payment of the total project fees of the Agreements is expected to be satisfied by the internal resources of the Group.

HISTORICAL AMOUNTS

Prior to entering into the Agreements, neither the Group nor any of its members have entered into any similar agreement with Gemdale Building or any other subsidiary of Gemdale Corporation. As such, there is no historical amount for the project fees payable under the Agreements.

PROPOSED ANNUAL CAPS AND THE BASIS FOR DETERMINATION

The Agreements are similar in nature and entered into with the same subsidiary of Gemdale Corporation. As such, the transactions contemplated thereunder are aggregated pursuant to Rule 14A.81 of the Listing Rules.

The proposed annual cap for the Agreements for the year ending 31 December 2014 are set out as follows:

	Contract sum of each of the agreement	
	RMB	(equivalent to approximately HK\$)
Agreement One	6,014,405	7,518,006
Agreement Two	34,997	43,746
Agreement Three	800,912	1,001,140
Agreement Four	358,949	448,686
Agreement Five	430,786	538,483
Total	7,640,049	9,550,061

The proposed annual cap for the Agreements for the year ending 31 December 2014 is RMB8 million (equivalent to approximately HK\$10 million).

For the purpose of Chapter 14A of the Listing Rules, the proposed annual cap for the Agreements for the year ending 31 December 2014 is determined based on the respective contract sum and the estimated costs in the event of the design variations, site inspections as well as other variations which are accepted by the employer in accordance with in the respective agreement.

REASON FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Gemdale Building is a services supplier of intelligent system projects in the PRC specializing in intelligent building design, construction and technical consulting services as well as management of building equipment maintenance, and its business covers more than 30 cities in seven districts, such as southern China, northern China, eastern China, mid-China, northwest China, northeast China and southeast China and has undertaken an aggregate of more than 60 projects. Gemdale Building successfully created a variety type of intelligent products for property products and has excellent experience in management of building facilities and equipment. Gemdale Building has a number of high-quality, strong technique and experienced management experts and elite professionals. The whole process of project design, construction and services of Gemdale Building are in accordance with the standard set out in ISO9000 international quality management system. Besides, Gemdale Building would provide customers the economic and practical system for intelligent building products and management of equipment maintenance according to different characteristics and positions of the projects. Gemdale Building is familiar with the style and design of the property development under the “Gemdale” brand name. With the advantages and the better internal communications with the Group, the design and construction provided by Gemdale Building is more capable of meeting the design and construction requirements of the Group from a third party services provider.

Having considered the cost quotations provided by Gemdale Building to the Group for the provision of intelligent systems which is lower than that obtained by the Group from various independent services providers for provision of similar services, as well as the advantages of Gemdale Building, the Board believes that engaging Gemdale Building to provide intelligent system project services to the property projects would help shorten the development time for the property projects, improve the design and quality of the property projects without incurring substantial costs, and strengthen the Group’s competitiveness and image in property project development.

Each of the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements (including the amount of project fees payable) are fair and reasonable, and the transactions contemplated thereunder (and the proposed annual cap) are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE CONNECTED PERSONS

The Group is principally engaged in property investment, development and management of residential, commercial and business park projects. Shanghai Zhongjun is a 54.85% beneficially owned subsidiary of the Company. Shenzhen Vision, Dalian Huiquan and Shenyang Gemdale Yuefeng are all wholly-owned subsidiaries of the Company. Shenzhen Vision is principally engaged in property investment, development and management of business park projects in the PRC while Shanghai Zhongjun, Dalian Huiquan and Shenyang Gemdale Yuefeng are principally engaged in property development in the PRC.

Gemdale Corporation is primarily focused on the development of residential property (its traditional business segment) and the development of, and investment in, commercial real estate, either on a stand-alone basis or in conjunction with its residential property projects. Gemdale Building is a wholly-owned subsidiary of Gemdale Corporation and is principally engaged in intelligent building design, construction, technical consulting and management of building equipment maintenance.

LISTING RULES IMPLICATIONS

Gemdale Corporation is the ultimate controlling shareholder of the Company. Gemdale Building is a wholly-owned subsidiary of Gemdale Corporation and therefore, Gemdale Corporation and Gemdale Building are connected persons of the Company. Accordingly, the Agreements (aggregated under Rule 14A.81 of the Listing Rules) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual cap under the Agreements (after aggregation under Rule 14A.81 of the Listing Rules) is higher than 0.1% but less than 5% on an annual basis, the Agreements are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A.76(2) of the Listing Rules.

Each of the executive Directors is also a director and/or top management of Gemdale Corporation. Pursuant to the Bye-laws of the Company, each of the executive Directors is materially interested in the Agreements and has abstained from voting on the relevant board resolutions approving the Agreements. Save as disclosed above, none of the Directors has a material interest in the Agreements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Agreements”	collectively, Agreement One, Agreement Two, Agreement Three, Agreement Four and Agreement Five
“Agreement Five”	the agreement dated 5 September 2014 entered into between Shenyang Gemdale Yuefeng and Gemdale Building in relation to the provision of certain intelligent system project services for the property development project set out therein
“Agreement Four”	the agreement dated 5 September 2014 entered into between Dalian Huiquan and Gemdale Building in relation to the provision of certain intelligent system project services for the property development project set out therein

“Agreement One”	the agreement dated 5 September 2014 entered into between Shanghai Zhongjun and Gemdale Building in relation to the provision of certain intelligent system project services for the property development project set out therein
“Agreement Three”	the agreement dated 5 September 2014 entered into between Shenzhen Vision and Gemdale Building in relation to the provision of certain project services for transformation of monitoring system for the property project set out therein
“Agreement Two”	the agreement dated 5 September 2014 entered into between Shenzhen Vision and Gemdale Building in relation to the provision of certain project services for replacement of circuit breakers for the property project set out therein
“Board”	the board of Directors
“Company”	Gemdale Properties and Investment Corporation Limited, a company incorporated in Bermuda with limited liability, 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
“Dalian Huiquan”	大連匯泉房地產開發有限公司(Dalian Huiquan Real Estate Development Co., Ltd.*), a company established in the PRC and is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company from time to time
“Gemdale Building”	深圳市金地樓宇工程有限公司 (Shenzhen Gemdale Building Project Co., Ltd.*), a company established in the PRC and is a wholly-owned subsidiary of Gemdale Corporation
“Gemdale Corporation”	金地(集團)股份有限公司 (Gemdale Corporation*), a company established in the PRC which is listed on the Shanghai Stock Exchange, which is a connected person of the Company under the Listing Rules by virtue of it being the ultimate controlling shareholder of the Company holding approximately 72.20% interest in the issued share capital of the Company through its wholly-owned subsidiary, Famous Commercial Limited, as at the date of this announcement
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this announcement
“RMB”	renminbi, the lawful currency of the PRC
“Shanghai Zhongjun”	Shanghai Zhongjun Real Estate Development Co., Ltd., a company established in the PRC and is a 54.85% beneficially owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder of the Shares
“Shenyang Gemdale Yuefeng”	瀋陽金地悅峰房地產開發有限公司 (Shenyang Gemdale Yuefeng Real Estate Development Co. Ltd.*), a company established in the PRC and is a wholly-owned subsidiary of the Company
“Shenzhen Vision”	Vision (Shenzhen) Business Park Co., Ltd., a company established in the PRC and is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.00 = RMB0.80. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

By Order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 5 September 2014

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Wei Chuanjun and Mr. Xu Jiajun; and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan.

** For identification purpose only*