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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 TRANSACTION FRAMEWORK AGREEMENT

THE FRAMEWORK AGREEMENT

The Board announces that, on 13 December 2016, Guangzhou Guangdian, which is owned as to 74% by the Company, entered into the Framework Agreement with Gemdale Corporation, the controlling shareholder of the Company, pursuant to which Gemdale Corporation agreed to provide financial advisory and consultation services to Guangzhou Guangdian and/or its subsidiaries, joint ventures and associated companies for their property projects.

LISTING RULES IMPLICATIONS

Guangzhou Guangdian is owned as to 74% by the Company. Gemdale Corporation is the controlling shareholder of the Company and therefore is a connected person of the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps under the Continuing Connected Transaction is higher than 0.1% but less than 5% on an annual basis, the Continuing Connected Transaction is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

The Board announces that on 13 December 2016, Guangzhou Guangdian, which is owned as to 74% by the Company, entered into the Framework Agreement with Gemdale Corporation, the controlling shareholder of the Company, pursuant to which Gemdale Corporation agreed to provide financial advisory and consultation services to Guangzhou Guangdian and/or its subsidiaries, joint ventures and associated companies for their property projects.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

- Date : 13 December 2016
- Parties : (a) Gemdale Corporation (as trustee)
(b) Guangzhou Guangdian (as principal)
- Duration : Three years from the date of Framework Agreement.
- Scope of services : The trustee agreed to provide financial advisory and consultant services to the principal and/or its subsidiaries, joint ventures and associated companies for their property projects, including responsible for completion of due diligence, financial arrangements, consultation with potential financial providers and related coordination.
- Subsidiary agreement(s) : In relation to any project of the principal and/or its subsidiaries, joint ventures and associated companies which requires the services under the Framework Agreement, the principal and/or its subsidiaries, joint ventures and associated companies will enter into a separate subsidiary agreement with the trustee respectively setting out the specific scope of services required and the rate of the consultancy fee should be in conformity with the principles set out in the Framework Agreement.

All transactions contemplated under the Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis.

- Payable consultancy fee and the pricing principle : The principal and/or its subsidiaries, joint ventures and associated companies will pay their respective annual rate of the consultancy fee to the trustee at a maximum rate of 1% per annum over the facility amount obtained.
- Payment method : 1. The consultancy fee for the first year shall be payable on the date of granting of the facility;
2. The subsequent consultancy fee shall be payable on the 21st day of the last month of each quarter on a quarterly basis after one year from the first payment; and
3. The final consultancy fee shall be fully settled on the date of expiry of the Framework Agreement.

The consultancy fee was determined between the parties made after arm's length negotiations with reference to the prevailing market conditions and the availability of comparable third-party services of a similar nature.

THE ANNUAL CAPS AND THE BASIS OF DETERMINATION

The annual caps for the maximum consultancy fee payable under the Framework Agreement are set out below:

For the year ending 31 December	Annual caps (RMB'million)
2016	8.5
2017	100
2018	100
2019	92

The above annual caps was determined by the Group with reference to the aggregate amount of the maximum consultancy fee payable per year under the Framework Agreement plus certain buffer.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

The Board is of the view that, as a result of the good relationship between Gemdale Corporation and the major banks and financial institutions, the provision of financial advisory and consultant services by Gemdale Corporation can substantially reduce the finance costs of the Group and the rate of the consultancy fee to be charged by Gemdale Corporation is more competitive than that of other financial advisers comparable in the market.

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement are fair and reasonable and the transactions contemplated thereunder (and the annual caps) entered into in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio in respect of the annual caps under the Continuing Connected Transaction is higher than 0.1% but less than 5% on an annual basis, the Continuing Connected Transaction is subject to reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 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 Continuing Connected Transaction and has abstained from voting on the relevant Board resolutions approving the Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the Continuing Connected Transaction and is required to abstain from voting in the relevant Board resolutions.

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. Guangzhou Guangdian is principally engaged in investment holding and its subsidiaries are principally engaged in property development and investment 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.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Gemdale Properties and Investment Corporation Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Framework Agreement
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the Framework Agreement dated 13 December 2016 entered into between Gemdale Corporation and Guangzhou Guangdian pursuant to which Gemdale Corporation agreed to provide financial advisory and consultation services to Guangzhou Guangdian and/or its subsidiaries, joint ventures and associated companies for their property project, particulars of which are set out in this announcement
“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 42% interest in the issued shares of the Company through its wholly-owned subsidiary as at the date of this announcement
“Group”	the Company and its subsidiaries

“Guangzhou Guangdian”	廣州廣電房地產開發集團股份有限公司 (Guangzhou Guangdian Real Estate Development Group Co., Ltd.*), a company with limited liability established under the laws of the PRC and a company which is owned as to 74% by the Company
“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 which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board

Gemdale Properties and Investment Corporation Limited

Huang Juncan

Chairman and Executive Director

Hong Kong, 13 December 2016

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

** For identification purpose only*