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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 FRAMEWORK AGREEMENT

The Board announces that, on 7 December 2022, Guangzhou Guangdian, which is owned as to 76% by the Company, entered into the 2023 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.

Gemdale Corporation is the controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2023 Framework Agreement constitute continuing connected transactions 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 Transactions for each of the three years ending 31 December 2025 are higher than 0.1% but less than 5% on an annual basis, the Continuing Connected Transactions are 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.

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcement in respect of, amongst other things, the 2020 Framework Agreement. Unless otherwise defined, terms defined in the Announcement shall have the same meanings when used herein.

2023 FRAMEWORK AGREEMENT

As Guangzhou Guangdian, a company which is owned as to 76% by the Company, will continue to receive financial advisory and consultation services from Gemdale Corporation, the controlling shareholder of the Company, the 2023 Framework Agreement was entered into between Guangzhou Guangdian and Gemdale Corporation on 7 December 2022. The principal terms of the 2023 Framework Agreement are set out below:

- Date** : 7 December 2022
- Parties** : (a) Gemdale Corporation (as trustee); and
(b) Guangzhou Guangdian (as principal)
- Duration** : Three years from 1 January 2023
- Scope of services** : The trustee agreed to provide financial advisory and consultancy services to the principal and/or its subsidiaries, joint ventures and associated companies for their property projects' funding activities, which includes projects due diligence, financial arrangements, consultation with potential financial providers and related coordinations.
- Subsidiary agreement(s)** : In relation to any property project of the principal and/or its subsidiaries, joint ventures and associated companies which requires the services under the 2023 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 2023 Framework Agreement.
- All transactions contemplated under the 2023 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. The consultancy fee was determined between the parties made after arm's length negotiations with reference to the prevailing market conditions and the comparable third-party fees charged by other financial advisers providing similar transactions. Payment of such fee is expected to be satisfied by internal resources of the principal.

- Payment method** : 1. The quarterly consultancy fee shall be paid by the principal to the trustee on or before the 21st day of the last month of each quarter; and
2. the final consultancy fee shall be fully settled on the date of expiry of the 2023 Framework Agreement.

Historical amounts

The historical transaction amounts were approximately RMB54,468,000, RMB52,909,000 and RMB49,164,000 for the years ended 31 December 2019, 2020 and 2021, respectively while the aggregate transaction amount for the 10 months ended 31 October 2022 was approximately RMB29,340,000 .

The annual caps and the basis of determination

The annual caps for the aggregate consultancy fee payable under the 2023 Framework Agreement are set out below:

For the year ending 31 December	Annual caps (RMB' million)
2023	50
2024	60
2025	70

The above annual caps were determined with reference to the historical transaction figures as listed above and based on the estimated aggregate amount of facility that may be obtained through trustee in the relevant year and the maximum consultancy fee payable by Guangzhou Guangdian for each of the three years ending 31 December 2025.

Reasons for and benefits of entering into the 2023 Framework Agreement

Gemdale Corporation is renowned in the PRC property development industry and it has built good relationship with major banks and financial institutions in the PRC. It is expected that the terms of the facilities (including the interest rate and tenor) arranged by Gemdale Corporation will be more favourable to Guangzhou Guangdian and/or its subsidiaries, joint ventures and associated companies than the terms of the facilities to be obtained by Guangzhou Guangdian and/or its subsidiaries, joint ventures and associated companies on their own without Gemdale Corporation's service. The Board believes that it is in the interest of the Company to receive the financial advisory and consultant services by Gemdale Corporation which can substantially reduce the finance costs of Guangzhou Guangdian. Also, the rate of the consultancy fee to be charged by Gemdale Corporation is more competitive than that of other independent financial advisers available in the market.

Each of the Directors (excluding the Executive Directors who is each a director and/or top management of Gemdale Corporation and including the independent non-executive directors) are of the view that the terms of the 2023 Framework Agreement are fair and reasonable and the transactions contemplated thereunder (and the annual caps) entered into between Gemdale Corporation and Guangzhou Guangdian are in the ordinary and usual course of business, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL PRICING MECHANISM FOR THE 2023 FRAMEWORK AGREEMENT

In respect of the financial advisory and consultancy services provided by Gemdale Corporation to Guangzhou Guangdian, as there are alternative sources of service providers with comparable pricing and scope of services, Guangzhou Guangdian will also reference to the fee quotes of similar services offered by at least two Independent Third Parties for comparison purposes prior to the entering into any agreement. The finance team of Guangzhou Guangdian will then assess the reasonableness of the pricing quoted by Gemdale Corporation to ensure that they are no less favourable to Guangzhou Guangdian than those offered by the Independent Third Parties, and submit to the Board for approval. In addition to the above procedures, all subsidiary agreements to be entered under the 2023 Framework Agreement will be negotiated and agreed on arm's length basis.

In view of the above, the Board (excluding the Executive Directors who is each a director and/or top management of Gemdale Corporation and including the independent non-executive Directors) considers that with the foregoing procedures in place, the transactions contemplated under the 2023 Framework Agreement will be conducted on normal commercial terms and in a manner not prejudicial to the interests of the Company and its minority Shareholders.

INTERNAL CONTROL

Various internal control measures are in place to monitor the continuing connected transaction contemplated under the 2023 Framework Agreement to ensure that such transactions are conducted on normal commercial terms. The Audit Committee, which comprises all the independent non-executive Directors, reviews the continuing connected transactions of the Group and Guangzhou Guangdian periodically throughout the year pursuant to the Listing Rules to ensure the continuing connected transactions have been entered into according to the relevant agreements on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The external auditors of the Company also conduct an annual review on the pricing and annual caps of the Group's continuing connected transactions for each financial year. The auditors also assist the Audit Committee to consider whether the continuing connected transactions are entered into under the ordinary and usual course of business of the Group and Guangzhou Guangdian, on normal commercial terms or, if applicable, on terms no less favorable to the Group and Guangzhou Guangdian than those available from Independent Third Parties. In addition, the Group and Guangzhou Guangdian conducts periodic monitoring and evaluation on whether the procedures of the continuing connected transactions are conformed with their internal control requirements and the annual caps set for each agreement.

INFORMATION ON THE GROUP, GUANGZHOU GUANGDIAN AND THE CONNECTED PERSONS

The Group is principally engaged in property development, property investment, property management and micro-financing business. Guangzhou Guangdian, owned as to 76% by the Company, 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 properties, either on a stand-alone basis or in conjunction with its residential property projects. Gemdale Corporation is a company established in the PRC with its shares listed on the Shanghai Stock Exchange (Stock Code: 600383). To the best knowledge, information and belief of the Company having made all reasonable enquiries, based on the public information available as at 30 September 2022, the single largest shareholder of Gemdale Corporation is FunDe Sino Life Insurance Co., Ltd. (富德生命人壽保險股份有限公司), which is interested in approximately 29.8% of Gemdale Corporation.

LISTING RULES IMPLICATIONS

Gemdale Corporation, indirectly holds approximately 40.26% interest in the issued shares of the Company, is the controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2023 Framework Agreement constitute continuing connected transactions 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 Transactions for each of the three years ending 31 December 2025 are higher than 0.1% but less than 5% on an annual basis, the Continuing Connected Transactions are 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 and has abstained from voting on the relevant Board resolutions approving the 2023 Framework Agreement.

Save as disclosed above, none of the Directors has a material interest in the Continuing Connected Transactions and is required to abstain from voting in the relevant Board resolutions.

DEFINITIONS

In this announcement, capitalized terms used herein have the same meanings as those defined in the Announcement, in addition, the following terms have the meanings set opposite to them below:

“2020 Framework Agreement”	the framework agreement dated 4 December 2019 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 projects, particulars of which are set out in the Announcement
“2023 Framework Agreement”	the framework agreement dated 7 December 2022 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 projects, particulars of which are set out in this announcement
“Announcement”	the announcement of the Company dated 4 December 2019 in relation to the 2020 Framework Agreement
“Continuing Connected Transactions”	the transactions contemplated under the 2023 Framework Agreement

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

Hong Kong, 7 December 2022

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. Xia Xiping.

** For identification purpose only*