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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)

**MANDATE FOR POSSIBLE MAJOR TRANSACTION
IN RESPECT OF THE POSSIBLE ACQUISITION OF THE REMAINING 24% EQUITY
INTEREST IN THE TARGET COMPANY**

MANDATE FOR POSSIBLE MAJOR TRANSACTION

After further consideration and taking into account of the information currently available to the Company, the Company is of the view that it is in the interest of the Group to participate in the Public Bid for the remaining 24% equity interest in the Target Company. The Board would like to seek the Shareholders' approval in this regard.

LISTING RULES IMPLICATIONS

Given one or more of the applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules in respect of the Possible Acquisition (including the Maximum Consideration) are more than 25% and all of such ratios are less than 100%, the Possible Acquisition, if it materialises, will constitute a major transaction for the Company and is subject to the approval by the Shareholders under Chapter 14 of the Listing Rules.

If the Purchaser succeeds in the Public Bid, it will thereupon become unconditionally obliged to purchase the Remaining Interest and would not be able at that time to seek the approval of Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors are seeking the Shareholders' prior approval for the grant of the Proposed Mandate.

GENERAL

As set out in the announcement of the Company dated 31 May 2016, the Company expects to despatch the Circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group (assuming Completion); (iv) a valuation report on the properties held by the Target Group; and (v) a notice of the SGM to the Shareholders on or before 30 June 2016.

The Board would like to seek the approval of the Proposed Mandate by the Shareholders at the SGM and the Company will include further details of the Possible Acquisition in the Circular.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

BACKGROUND OF THE POSSIBLE ACQUISITION

Reference is made to the announcement of the Company dated 5 January 2016 in relation to, among other things, a very substantial acquisition (the “**Announcement**”). Unless otherwise stated, terms used herein shall have the same meanings as defined in the Announcement.

As set out in the Announcement, on 31 December 2015, the Purchaser, a wholly-owned subsidiary of the Company, the Sellers and 廣州無線電集團有限公司(Guangzhou Radio Group Co., Ltd.*), a company established in the PRC with limited liability (“**Guangzhou Radio Group**”) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire (and/or procure third parties (if any) to acquire), and the Sellers conditionally agreed to sell, the Sale Shares, representing 76% of the equity interest in the Target Company at the Consideration of RMB1,423,480,000 (subject to Adjustment). As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceed 100%, the entering into of the Sale and Purchase Agreement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As further set out in the Announcement, pursuant to the terms and conditions of the Sale and Purchase Agreement, the Purchaser intended to acquire and/or procure third parties (if any) to acquire the 24% equity interest in the Target Company held by Guangzhou Radio Group (the “**Remaining Interest**”). As such sale will be regarded as a disposal of state-owned assets, it will need to comply with the state-owned asset transfer approval procedures and will need to be conducted by way of a public bid held by a property rights trading institution. The Purchaser

intended to participate and/or procure third parties (if any) to participate in such bid. If the Purchaser succeeds in the Public Bid (as defined below), the terms of the purchase of the Remaining Interest will be governed by a property rights trading contract to be entered into by the relevant parties (the “**Transfer Contract**”).

After further consideration and taking into account of the information currently available to the Company, the Company is of the view that it is in the interest of the Group to participate in the public bid (the “**Public Bid**”) for the Remaining Interest. The Board would like to seek the Shareholders’ approval in this regard.

Procedure of the Public Bid

The Remaining Interest is being transferred as state-owned equity interests by way of Public Bid convened at 廣州產權交易所(Guangzhou Enterprises Mergers and Acquisitions Services*) (“**Guangzhou Enterprises**”) pursuant to 中華人民共和國合同法 (Contract Law of the PRC*), 企業國有產權轉讓管理暫行辦法 (Temporary Management Policy of National Assets Transfer*) and other national and local assets transfer related laws, regulations and policies in the PRC.

Guangzhou Enterprises, a PRC governmental body set up by the Guangdong and Guangzhou government and appointed by 國務院國有資產監督管理委員會 (State-owned Asset Supervision and Administration Commission of the State Council*) for handling the transfer of state-owned assets, is fully responsible for the works for the transfer of state-owned equity interests, including but not limited to inviting potential bidders to participate in the Public Bid, examining the qualification of the potential bidders and formulating the form of transfer of the Remaining Interest.

The Remaining Interest is to be acquired through a public bidding process which is fairly structured and established and regulated by legislation and requirements. In addition to the abovementioned relevant laws and regulations, all the transfer of state-owned assets through Guangzhou Enterprises shall be conducted in accordance with 企業國有產權交易操作規則 (Regulations for conducting the transfer of state-owned assets*, the “**Assets Transfer Regulations**”), pursuant to which Guangzhou Enterprises will review and approve on the accuracy and the completeness of the disclosure of information regarding the Remaining Interest including but not limited to the information of the Target Company and the audited financial statements and the asset valuation report of the Target Company to be submitted to Guangzhou Enterprises. Such statements and report shall be prepared by intermediaries recognized and appointed by 廣州國有資產監督管理委員會 (State-owned Asset Supervision and Administration Commission of Guangzhou*) (the “**Reports**”). Guangzhou Enterprises will only handle those applications of transfer of state-owned assets which meet the disclosure requirements as stipulated under the Assets Transfer Regulations.

The Public Bid will be open for application for at least 20 business days (the “**Application Period**”). If at the expiry of the Application Period, there are more than one qualified intended purchasers, the qualified intended purchaser with the highest auction bid would be entitled to acquire the Remaining Interest. However, in the event that there is only one qualified intended purchaser, the successful intended purchaser will be obliged to acquire the Remaining Interest. In either case, the Transfer Contract shall be entered into within 3 business days after a successful bid.

Accordingly, if the Purchaser succeeds in the Public Bid, it will enter into the Transfer Contract with Guangzhou Radio Group to acquire the Remaining Interest within 3 business days after the successful bid (the “**Possible Acquisition**”). The Board therefore resolved to seek a prior approval from the Shareholders in respect of the Possible Acquisition with a bidding price of no more than the Maximum Consideration (as defined below) (the “**Proposed Mandate**”), before the submission of the required documents for participating in the Public Bid.

PRINCIPAL TERMS OF THE PUBLIC BID FOR THE REMAINING INTEREST

Expected timing of the Public Bid

The Public Bid is expected to be held before 30 June 2017 and is expected to be held after the Second Completion. The required documents for participating in the Public Bid shall be submitted before the expiry of the Application Period. The Group intends to submit the required documents for participating in the Public Bid before the expiry of the Application Period.

Parties

Purchaser/bidder: the Purchaser, a wholly-owned subsidiary of the Company

Vendor: Guangzhou Radio Group

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Guangzhou Radio Group and its ultimate beneficial owners are independent of and not connected with the Company and the connected persons (as defined in the Listing Rules) of the Company.

Maximum Consideration for the bid

The bidding price of the Public Bid shall not be less than the value of the assets set out in the Reports submitted to Guangzhou Enterprises as mentioned above which shall be determined in compliance with the Assets Transfer Regulations. Potential bidder(s) will be required to pay earnest money of not more than 20% of the bidding price (the “**Earnest Money**”) when they submit their application to participate in the Public Bid. The Earnest Money will be applied towards settling part of the aggregate consideration for the acquisition of the Remaining Interest and other related fees and/or expenses if the Purchaser is successful in its bidding at the Public Bid. The Group will pay the Earnest Money when it submits its application to participate in the Public Bid, subject to the Proposed Mandate being granted by the Shareholders at the SGM. Should the Proposed Mandate not be granted by the Shareholders at the SGM, the Group will not submit its application to participate in the Public Bid. If the Purchaser succeeds in the Public Bid, the Purchaser will enter into the Transfer Contract with Guangzhou Radio Group. The remaining 80% of the consideration for the Remaining Interest shall be paid within 5 business days of the effective date of the Transfer Contract. In case of deferred payment, the Purchaser shall also pay Guangzhou Radio Group interest at the bank lending rate for the corresponding period and shall provide security in favour of Guangzhou Radio Group pursuant to the terms of the Transfer Contract.

The maximum consideration for the Possible Acquisition under the Proposed Mandate to be granted by the Shareholders is RMB450 million (the “**Maximum Consideration**”), which is determined having taken into account, among others, (i) the consideration payable for the Sale Shares under the Sale and Purchase Agreement; and (ii) the Group’s view on the property market of the PRC.

Shareholders should note that the final bid price for the Public Bid to be submitted by the Purchaser will in any event not exceed the Maximum Consideration. The final bid price for the Public Bid to be submitted by the Company shall be determined by taking into consideration, among others, (i) the minimum asking price for the Remaining Interest at Guangzhou Enterprises, (ii) the number of qualified bidders participating in the Public Bid, and (iii) the business and financial status of the Target Group as at the time of the Public Bid. Based on the above, the Directors (including the independent non-executive Directors) consider that the Proposed Mandate including the Maximum Consideration is fair and reasonable.

Subject to the obtaining of the Proposed Mandate, the Company will decide on whether to participate in the Public Bid by considering, among others, (i) the overall market condition of the PRC property market as at the time of the Public Bid, (ii) the business and financial status of the Target Group, and (iii) the fact of whether retaining a minority ownership will give the Target Group more support in terms of resources and management experiences.

The Company intends to settle the consideration for the Remaining Interest by the internal resources of the Group.

Conditions precedent for participating in the Public Bid

The Group should satisfy the following criteria for participating in the Public Bid:

- (a) the approval of the Proposed Mandate by the Shareholders in accordance with the Listing Rules being obtained;
- (b) the Board being satisfied with the financial and business conditions of the Target Group immediately prior to submission of the required documents for participating in the Public Bid;
- (c) completion of the application for participating in the Public Bid during the Application Period; and
- (d) full payment of the Earnest Money.

The Group's participation in the Public Bid is not subject to completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement. Completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement is also not subject to the Group's participation in the Public Bid and/or completion of the acquisition of the Remaining Interest.

If the Purchaser succeeds in the Public Bid, it shall enter into the Transfer Contract within 3 business days after the successful bid. Completion of the registration of the transfer of the Remaining Interest will take place after the receipt of the certificate in respect of the transfer of the Remaining Interest issued by Guangzhou Enterprises.

In the event the Purchaser enters into the Transfer Contract, the Company will comply with the requirements of the Listing Rules in respect thereof and make further announcement(s) as and when appropriate.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in property development, investment and management of residential, commercial and business park projects.

On 31 December 2015, the Purchaser entered into the Sale and Purchase Agreement with the Sellers and Guangzhou Radio Group in relation to the proposed acquisition of the Sale Shares, representing 76% of the equity interest in the Target Company. Assuming that the Purchaser purchases the Sale Shares on its own and does not procure any third parties to purchase the Sale Shares and that each of First Completion, Second Completion and Third Completion takes place, the Group will hold 76% of the equity interest in the Target Company and the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

As set out in the Announcement, the proposed acquisition of the Target Group, which is principally engaged in property development, operation and management in high economic growth regions in the PRC, is in line with the business objective of the Group and the Directors considered that the entering into of the Sale and Purchase Agreement was in the interests of the Group and the Shareholders as a whole.

The Board considers that the Possible Acquisition represents a unique and good investment opportunity that allows the Company to further increase its interest in the Target Company through the Public Bid and to further step up its investment and presence in the property market in the PRC and to enhance the future earning capability and potential of the Group.

In view of the abovementioned reasons, the Directors consider the terms of the Possible Acquisition are fair and reasonable and are on normal commercial terms and the Possible Acquisition is in the interests of the Group and the Shareholders as a whole.

INFORMATION ON GUANGZHOU RADIO GROUP AND THE TARGET COMPANY

Guangzhou Radio Group is a company established in the PRC with registered capital of RMB550,000,000. It is a state-owned enterprise and is principally engaged in the investments in and operations of the high-tech manufacturing and modern service industries.

The Target Company is a company established in the PRC with limited liability and, as at the date of this announcement, is owned as to 76% by the Sellers and 24% by Guangzhou Radio Group. Details of the Target Company are set out in the Announcement. Further information of the Target Group including its financial information and properties will be included in the Circular (as defined below).

LISTING RULES IMPLICATIONS

Given one or more of the applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules in respect of the Possible Acquisition (including the Maximum Consideration) are more than 25% and all of such ratios are less than 100%, the Possible Acquisition, if it materialises, will constitute a major transaction for the Company and is subject to the approval by the Shareholders under Chapter 14 of the Listing Rules.

If the Purchaser succeeds in the Public Bid, it will thereupon become unconditionally obliged to purchase the Remaining Interest and would not be able at that time to seek the approval of Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors are seeking the Shareholders' prior approval for the grant of the Proposed Mandate.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders has a material interest in the grant of the Proposed Mandate and the transactions contemplated thereunder. As at the date of this announcement, no Shareholder is required to abstain from voting on the resolution to approve the grant of the Proposed Mandate and the transactions contemplated thereunder at the SGM.

GENERAL

As set out in the announcement of the Company dated 31 May 2016, the Company expects to despatch the circular (the "**Circular**") containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group (assuming Completion); (iv) a valuation report on the properties held by the Target Group; and (v) a notice of the SGM to the Shareholders on or before 30 June 2016.

The Board would like to seek the approval of the Proposed Mandate by the Shareholders at the SGM and the Company will include further details of the Possible Acquisition in the Circular.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 June 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.

If there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC Government authorities or the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purposes only.

** For identification purpose only*