

**ANNOUNCEMENT OF GEMDALE CORPORATION ON
PAYMENT OF INTERESTS FOR THE 2016 CORPORATE BONDS
(FIRST TRANCHE) IN 2019**

Special Note

The Board of Directors of the Company and all its directors hereby warrant that there are no false representations, misleading statements or material omission in this announcement, and they individually and collectively accept full responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

Important Notes:

- Record date: 21 March, 2019
- Interest payment date: 22 March, 2019

For the corporate bonds of Gemdale Corporation in 2016 (first tranche) (hereinafter the “Current Bond”) issued by Gemdale Corporation (hereinafter the “Issuer”) on 22 March, 2016, interest shall be paid on 22 March, 2019 (in case that the date is a statutory holiday or a rest day, it shall be postponed to the first working day thereafter) for the period from 22 March, 2018 to 21 March, 2019. To ensure smooth progress of the interest payment work and facilitate investors to receive interest in a timely manner, the following relevant matters are announced:

I. Overview of the Current Bond

1. Name of the bond: Corporate Bonds of Gemdale Corporation in 2016 (First Tranche)

2. Bond abbreviation and code:

Category I: Bond abbreviation is 16 Gemdale 01 and bond code is 136325

Category II: Bond abbreviation is 16 Gemdale 02 and bond code is 136326

3. Issuer: Gemdale Corporation

4. Bond category and maturity:

The Current Bond is divided into two categories for issuance: Category I has a six-year period, attached with the option for the Issuer to raise the coupon rate and the option for investors to sell back at the end of the third year; category II has an eight-year period, attached with the option for the Issuer to raise the coupon rate and the option for investors to sell back at the end of the fifth year.

5. Aggregate issue size: The aggregate issue size of the Current Bond is RMB3 billion, including RMB1.3 billion of category I and RMB1.7 billion of category II.

6. Bond interest rate: The coupon rate of category I of the Current Bond is 3.00%, which is fixed over the early three years of the duration. At the end of the third year of duration, the Company may opt to raise the coupon rate. The coupon rate for the remaining three years of the duration shall be the coupon rate for the first three years of duration of the Current Bond plus the basis points raised by the Company, which shall remain unchanged over the subsequent three years of the duration. The coupon rate of category II is 3.50% which shall remain unchanged over the first five years of the duration. At the end of the fifth year of duration, the Company may opt to raise the coupon rate. The coupon rate for the late three years of the duration shall be the coupon rate for the first five years of duration of the Current Bond plus the basis points raised by the Company, which shall remain unchanged over the remaining three years of the duration. The coupon rate of the Current Bond shall be simple-interest-bearing on a per-year basis, excluding compound interests.

7. Option for investors to sell back: After the Issuer has given notice on whether

to raise the coupon rate of the Current Bond or not and the extent of the increase, investors shall have the option to file a registration within the investor sell-back registration period as announced to sell back all or part the Current Bond held to the Issuer at par value. In case of failure to register, the bond holder shall be deemed to continue to hold the Current Bond and accept the aforementioned adjustment.

8. Option for the Issuer to raise the coupon rate: The Issuer of category I shall have the right to raise the coupon rate for the remaining three years of the Current Bond at the end of the third year of duration of the Current Bond. The Issuer shall publish an announcement on whether to raise the coupon rate of the Current Bond or not and the extent of the increase on the 20th working day before the interest payment date in the third interest-bearing year of the Current Bond. If the Issuer fails to exercise the option to raise the coupon rate, the original coupon rate shall remain unchanged in the subsequent term of the Current Bond. The Issuer of category II shall have the right to make a decision to raise the coupon rate for the remaining three years of the Current Bond at the end of the fifth year of duration of the Current Bond. The Issuer shall publish an announcement on whether to raise the coupon rate of the Current Bond or not and the extent of the increase on the 20th working day from the interest payment date in the fifth interest-bearing year of the Current Bond. If the Issuer fails to exercise the option to raise the interest rate, the original coupon rate shall remain unchanged over the duration of the Current Bond thereafter.
9. Interest payment date: The interest payment date of category I of the Current Bond shall be 22 March of each year during the period from 2017 to 2022, being the interest payment date for the preceding interest-bearing year. If the bond holder exercises the option to sell back, the interest payment date for the bonds being sold back shall be 22 March of each year during the period from 2017 to 2019. The interest payment date of category II of the Current Bond shall be 22 March of each year during the period from 2017 to 2024,

being the interest payment date for the preceding interest-bearing year. If the bond holder exercises the option to sell back, the interest payment date for the bonds being sold back shall be 22 March of each year during the period from 2017 to 2021. In case that the date is a statutory holiday or a rest day, it shall be postponed to the first working day thereafter. Interest shall not accrue on the interest payable during the period of extension.

10. Redemption date: The redemption date of category I of the Current Bond shall be 22 March, 2022. If the bond holder exercises the option to sell back, the maturity date for the bonds being sold back shall be 22 March, 2019. The redemption date of category II of the Current Bond shall be 22 March, 2024. If the bond holder exercises the option to sell back, the maturity date for the bonds being sold back shall be 22 March, 2021. In case that the date is a statutory holiday or a rest day, it shall be postponed to the first working day thereafter. Interest shall not accrue on the interest payable during the period of extension.
11. Credit rating: The corporate credit rating of the Issuer is AAA, and the credit rating of the Current Bond is AAA.
12. Time and place of listing: The Current Bond was listed on the Shanghai Stock Exchange on 20 April, 2016.

II. Payment of Interests on the Current Bond for the Current Year

1. Interest bearing period for the current year: From 22 March, 2018 to 21 March, 2019. Interest shall not accrue on the bond interests that have not been collected according to schedule.
2. Interests: The coupon rate of category I of the Current Bond is 3.00% and the coupon rate of category II of the Current Bond is 3.50%.
3. Record date: This year's record date for the portion of the Current Bond listed on the Shanghai Stock Exchange is 21 March, 2019. As of the close of the

market in the afternoon on the aforementioned record date, investors of the Current Bond shall be entitled to interest for the current year with respect to the balance recorded in the escrow account.

III. Interest Payment Method

1. The Company has signed a Trust Indenture for Bond and Interest Redemption with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (hereinafter “CSDC Shanghai Branch”), under which CSDC Shanghai Branch has been entrusted to carry out bond and interest redemption. If the Company fails to transfer the full amount of funds for bond and interest redemption to the bank account designated by CSDC Shanghai Branch according to schedule, CSDC Shanghai Branch shall terminate the bond and interest redemption service in accordance with the agreement, and that subsequent bond and interest redemption work shall be taken care of by the Company itself. For the implementation matters concerned, those that have been announced by the Company shall prevail. The Company shall transfer the full amount of the bond interests for this year to the bank account designated by CSDC Shanghai Branch two trading days before the interest redemption date in the current year.
2. After receiving the payment, CSDC Shanghai Branch shall transfer the bond interests to the corresponding redemption institution (a securities company or other institutions recognized by CSDC Shanghai Branch) through the settlement system, and investors shall receive the bond interests from the redemption institution.

IV. Explanation of Income Tax on Bond Interest

1. In accordance with the Law of the People's Republic of China on Individual

Income Tax and other relevant tax regulations and documents, individual investors of the Current Bond shall pay individual income tax on the interest of corporate bonds.

Individual income taxes on the interests of the Current Bond shall be withheld by redemption institutions in a centralized manner and shall be paid directly to the tax authority of the places where the redemption institutions are situated. The collection of individual income tax on the interest of the Current Bond is as follows:

- (1) Taxpayer: Individual investors of the Current Bond
- (2) Object of taxation: Income generated from the interests of the Current Bond
- (3) Tax rate: 20% of the interests
- (4) Tax collection: One-time deduction by the redemption institution at the time when the individual investor receives the interests from the redemption institution
- (5) Withholding agent: Redemption institutions responsible for the payment of interests of the Current Bond

2. For non-resident enterprises (the meaning of which shall be the same as in the Law of the People's Republic of China on Enterprise Income Tax) including qualified foreign institutional investors and RMB qualified foreign institutional investors (hereinafter "QFII" and "RQFII" respectively) holding the Current Bond, in accordance with provisions such as the Law of the People's Republic of China on Enterprise Income Tax and its implementation regulations enforced since 1 January, 2008, the Interim Measures for Administering the Withholding of Income Taxes for Non-resident Enterprises enforced since 1 January, 2009 (Guo Shui Fa [2009] No.3), and the Notice on the Enterprise Income Tax and Value-Added Tax Policies for Foreign Institutions' Investments in the Domestic Bond Market (Cai Shui [2018] No.108) promulgated on 7 November, 2018, for the period from 7 November,

2018 to 6 November, 2021, bond interest income obtained by foreign institutions investing in the domestic bond market will be temporarily exempted from enterprise income tax and value-added tax. The scope of the above temporary exemption from enterprise income tax does not include bond interests obtained by domestic institutions and premises established by foreign institutions that are actually associated with such institutions and premises.

3. Explanation on other bond investors' payment of income taxes on the interest of corporate bonds

In accordance with the Law of the People's Republic of China on Enterprise Income Tax and other relevant tax regulations and documents, the bond interest income tax of other bond holders shall be paid by themselves.

V. Institutions Relating to the Interest Payment

1. Issuer: Gemdale Corporation
Address: Gemdale Commercial Building, Fuqiang Road, Futian District, Shenzhen, Guangdong Province
Contact person: Zhang Xiaoyu, Tang Yan, Xu Jia
Tel: 0755-82039509, 0755-82039513
Fax: 0755-82039900
2. Lead underwriter: China International Capital Corporation Limited
Address: 33rd Floor, China World Office 2, 1 Jianguomenwai Avenue, Beijing
Contact person: Yan Wendong, Liu Jingjing
Contact number: 010-65051166
Postal code: 100004
3. Custodian: Shanghai Branch of China Securities Depository and

Clearing Corporation Limited

Address: China Insurance Building, 166 Lujiazui East Road,
Shanghai

Telephone: 021-3887 4800

Postal code: 200120

Gemdale Corporation

15 March, 2019