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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION OF CONVERTIBLE PREFERENCE SHARES

PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION OF THE CONVERTIBLE PREFERENCE SHARES

Reference is made to the announcements of the Company respectively dated 1 June 2017, 10 August 2017, 28 January 2018 and 3 May 2018 in relation to the reduction of capital of the Company involving the cancellation of a total of 514,000,000 Convertible Preference Shares held by Grand Beauty.

On 28 February 2020, Grand Beauty executed a third deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the Proposed Capital Reduction involving the cancellation of 31,666,667 Convertible Preference Shares (representing approximately 4.03% of all the Convertible Preference Shares in issue as at the date of this announcement). Immediately after the Proposed Capital Reduction becoming effective, Grand Beauty will hold 754,333,333 Convertible Preference Shares.

The Proposed Capital Reduction is subject to the satisfaction of, among other things, (i) the passing of a special resolution by the Shareholders at the AGM to approve, among others, the Proposed Capital Reduction and related matters; and (ii) either (a) there being no application to the Court for cancellation of the special resolution by creditors or members of the Company within five weeks of the date of the special resolution to approve the Proposed Capital Reduction; or (b) if there is any such application, the Court making an order to confirm the special resolution.

IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Capital Reduction and accordingly, no Shareholder will be required to abstain from voting in respect of the special resolution approving the Proposed Capital Reduction.

GENERAL

The AGM will be convened and held to consider and, if appropriate, approve, among other things, the special resolution in relation to the Proposed Capital Reduction. The voting at the AGM will be conducted by way of a poll.

A circular containing, among other things, details of the Proposed Capital Reduction and a notice to convene the AGM is expected to be despatched to the Shareholders on or before 26 March 2020.

As the Proposed Capital Reduction is subject to the fulfillment (or waiver) of the conditions as set out in this announcement, it may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. At this stage, there can be no assurance that a dividend will be declared or paid in the future even if the Proposed Capital Reduction has become effective. It should be noted that the dividend policy of the Company is subject to the financial performance, financial position, cash-flow position and/or reinvestment needs of the Company in the future.

PROPOSED CAPITAL REDUCTION

Reference is made to the announcements of the Company respectively dated 1 June 2017, 10 August 2017, 28 January 2018 and 3 May 2018 in relation to the reduction of capital of the Company involving the cancellation of a total of 514,000,000 Convertible Preference Shares held by Grand Beauty.

As at the date of this announcement, the Company has 786,000,000 Convertible Preference Shares in issue, which were part of the 1,300,000,000 Convertible Preference Shares issued by the Company to Grand Beauty on 23 December 2014 at the total subscription price of HK\$3.9 billion (i.e. a subscription price of HK\$3 per Convertible Preference Share).

On 28 February 2020, Grand Beauty executed a third deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the Proposed Capital Reduction involving the cancellation of 31,666,667 Convertible Preference Shares (representing approximately 4.03% of all the Convertible Preference Shares in issue as at the date of this announcement). Immediately after the Proposed Capital Reduction becoming effective, Grand Beauty will hold 754,333,333 Convertible Preference Shares.

Following the completion of the Proposed Capital Reduction,

- (i) the credit in the amount of HK\$95,000,001 in the Convertible Preference Shares reserve account of the Company (the “CPS reserve”) arising from the Proposed Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and
- (ii) the credit in the amount of HK\$95,000,001 in the capital reduction reserve account of the Company shall be available to set off against any loss of the Company and make distribution to its Shareholders or undertake corporate exercises which would require the use of distributable reserves in future when appropriate.

CONDITIONS PRECEDENT OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to the satisfaction of the following conditions:

- (i) all the Directors making a solvency statement in relation to the Proposed Capital Reduction in accordance with the Companies Ordinance;
- (ii) the passing of a special resolution by the Shareholders at the AGM to approve the Proposed Capital Reduction and related matters;
- (iii) either (a) there being no application to the Court for cancellation of the special resolution by creditors or members of the Company within five weeks of the date of the special resolution to approve the Proposed Capital Reduction; or (b) if there is any such application, the Court making an order to confirm the special resolution;
- (iv) the publication of a notice of capital reduction in the Hong Kong Government Gazette and the newspapers in accordance with the Companies Ordinance;
- (v) the delivery to the Registrar for registration of the solvency statement in relation to the Proposed Capital Reduction in accordance with the Companies Ordinance; and
- (vi) the registration of the relevant documents with the Registrar within the prescribed timeframe in accordance with the Companies Ordinance.

Assuming that all of the above conditions are fulfilled, it is expected that the Proposed Capital Reduction will become effective immediately following the registration of the relevant documents with the Registrar for the Proposed Capital Reduction required under the Companies Ordinance.

EFFECTS OF THE PROPOSED CAPITAL REDUCTION ON NET ASSETS AND RESERVE

For illustrative purpose only, assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Proposed Capital Reduction becomes effective and that no Convertible Preference Shares will be converted during such period, the effects of the Proposed Capital Reduction are as follows:

| | As at the date of this announcement | Immediately after the Proposed Capital Reduction becomes effective |
|---|--|---|
| Number of Ordinary Shares in issue | 451,390,000 | 451,390,000 |
| Number of Convertible Preference Shares in issue | 786,000,000 | 754,333,333 |
| Issued share capital of the Company (HK\$) (Note 1) | 185,452,977 | 185,452,977 |
| CPS reserve of the Company (HK\$) (Note 1) | 2,355,533,859 | 2,260,533,858 |
| Capital reduction reserve of the Company (HK\$) (Note 1) | — | 95,000,001 |
| Net assets attributable to owners of the Company (HK\$) (Note 1) | 5,446,082,964 | 5,446,082,964 |
| Net asset value per Ordinary Share (basic) (HK\$) (Note 2) | 6.85 | 7.06 |
| Net asset value per Ordinary Share (fully diluted) (HK\$) (Note 3) | 6.45 | 6.57 |

Notes

1. These figures are based on the audited consolidated financial statements of the Group for the year ended 31 December 2019 published on the website of the Stock Exchange, and the assumption that there is no change in the issued share capital, the CPS reserve and no offset of loss of the Company subsequent to 31 December 2019.
2. The net asset value per Ordinary Share (basic) is calculated based on (a) the net assets attributable to the Shareholders as at 31 December 2019 (being the net assets attributable to owners of the Company minus the CPS reserve of the Company), divided by (b) the number of Ordinary Shares in issue, assuming that no Convertible Preference Shares have been converted into new Ordinary Shares. It represents the net assets attributable to the Shareholders before taking into account the new Ordinary Shares that will be issued upon conversion of the Convertible Preference Shares. As the CPS reserve of the Company is not available for distribution to the Shareholders, it had been excluded for the purpose of calculating the net asset value per Ordinary Share (basic).

3. The net asset value per Ordinary Share (fully diluted) is calculated based on (a) the net assets attributable to the owners of the Company as at 31 December 2019, divided by (b) the number of Ordinary Shares in issue upon full conversion of all the outstanding Convertible Preference Shares. After the conversion, the credit standing in the CPS reserve account of the Company will be fully transferred and credited to the share capital of the Company.

Implementation of the Proposed Capital Reduction will not result in changes to the existing shareholding structure (in terms of the Ordinary Shares) of the Company. There will be no change in the number of Ordinary Shares held by the Shareholders immediately before and after completion of the Proposed Capital Reduction. In addition, the implementation of the Proposed Capital Reduction will not, of itself, alter the underlying assets, liabilities, business operations, management or financial position of the Company or the proportionate interests or voting rights of the Ordinary Shares held by the Shareholders immediately after the Proposed Capital Reduction becoming effective, except for the expenses incurred by the Company in relation to the Proposed Capital Reduction.

REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL REDUCTION

The Company has completed two capital reduction exercises in the years 2017 and 2018, involving the cancellation of a total of 514,000,000 Convertible Preference Shares held by Sino-Ocean (through Grand Beauty, its wholly-owned subsidiary).

For the purpose of further enhancing the Company's ability and flexibility in potential dividend distribution in future, a third deed of cancellation has been executed regarding the cancellation of additional 31,666,667 Convertible Preference Shares held by Grand Beauty. The Board proposed that the credit arising from the Proposed Capital Reduction in an amount of HK\$95,000,001 shall be transferred to a capital reduction reserve account, which shall be available to set off against any loss of the Company and make distribution to its Shareholders or undertake corporate exercises which would require the use of distributable reserves in future when appropriate. The proposed amount of capital reduction in the sum of approximately HK\$95.0 million is determined with reference to the Group's loss attributable to owners of the Company for the year ended 31 December 2019.

The Proposed Capital Reduction is expected to further enhance the Group's net asset value by approximately HK\$0.21 per Ordinary Share. The Directors also expect that upon the completion of the Proposed Capital Reduction, the financial position of the Company will be strengthened, the capital structure of the Company will be improved which will in turn improve the Company's general credit standing and hence enable the Company to negotiate for better financing terms in the future. Further, potential investors and business partners may have enhanced confidence in the prospects of the Company, which will allow the Company to negotiate for better commercial terms in future projects. Any decision on future dividend distribution will be made after careful consideration by the Directors depending on the Group's financial performance and position, liquidity position and cash flow situation, business strategy, reinvestment needs and other relevant factors.

Based on the above, the Directors consider that the Proposed Capital Reduction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS OF PROPOSED CAPITAL REDUCTION ON SHAREHOLDING STRUCTURE

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Proposed Capital Reduction (assuming full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$6). In the case of (ii) above, the restriction on conversion of the Convertible Preference Shares in relation to the public float of the Ordinary Shares is disregarded, and it is assumed that there are no other changes in the issued share capital of the Company from the date of this announcement up to the date on which the Proposed Capital Reduction becomes effective:

| | As at the date of this announcement | | Immediately after completion of the Proposed Capital Reduction (assuming full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$6) | |
|---------------------|--|----------------------|--|----------------------|
| | <i>Number of Ordinary Shares</i> | <i>Approximate %</i> | <i>Number of Ordinary Shares</i> | <i>Approximate %</i> |
| Grand Beauty | 312,504,625 | 69.23 | 689,671,291 | 83.24 |
| | <i>(Note 1)</i> | | | |
| Public Shareholders | <u>138,885,375</u> | <u>30.77</u> | <u>138,885,375</u> | <u>16.76</u> |
| Total | <u><u>451,390,000</u></u> | <u><u>100</u></u> | <u><u>828,556,666</u></u> | <u><u>100</u></u> |

Notes:

1. The 312,504,625 Ordinary Shares were beneficially owned by Grand Beauty.
2. The above calculation only illustrates the maximum potential impact on the shareholding structure of the Company arising from a full conversion of the Convertible Preference Shares. Based on the current shareholding structure of the Company, a full conversion of the Convertible Preference Shares is currently not permissible under the terms of the Convertible Preference Shares which contain, among others, a restriction on conversion of the Convertible Preference Shares if such conversion will result in the public float of the Ordinary Shares falling below the minimum public float requirements stipulated under the Listing Rules.
3. The above calculations were based on percentages rounded up to the nearest 2 decimal places. As such, the rounding difference may cause a slight change in the actual shareholding.

INFORMATION OF THE GROUP

The principal business activity of the Company is investment holding and the Group is principally engaged in investments in fund platforms, property investment and development, fund investments and securities and other investment businesses.

INFORMATION OF GRAND BEAUTY

Grand Beauty is the controlling shareholder of the Company and is directly interested in 312,504,625 Ordinary Shares, representing approximately 69.23% of the issued Ordinary Shares and is the owner of all the Convertible Preference Shares in issue, as at the date of this announcement. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean, and Grand Beauty is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Capital Reduction and accordingly, no Shareholder will be required to abstain from voting in respect of the special resolution approving the Proposed Capital Reduction.

As Mr. LI Ming (honorary chairman and non-executive Director) and Mr. SUM Pui Ying (executive Director and chief executive officer of the Company) are directors of Sino-Ocean and Grand Beauty, they were considered to have a potential material conflict of interests in the Proposed Capital Reduction, and therefore had abstained from voting at the Board meeting which approved the same. Save as aforesaid, none of the other Directors had a material interest in the Proposed Capital Reduction, and none of them was required to abstain from voting on the relevant Board resolutions approving the same.

GENERAL

The AGM will be convened and held to consider and, if appropriate, approve, among other things, the special resolution in relation to the Proposed Capital Reduction. The voting at the AGM will be conducted by way of a poll.

A circular containing, among other things, details of the Proposed Capital Reduction and a notice to convene the AGM is expected to be despatched to the Shareholders on or before 26 March 2020.

As the Proposed Capital Reduction is subject to the fulfillment (or waiver) of the conditions as set out in this announcement, it may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. At this stage, there can be no assurance that a dividend will be declared or paid in the future even if the Proposed Capital Reduction has become effective. It should be noted that the dividend policy of the Company is subject to the financial performance, financial position, cash-flow position and/or reinvestment needs of the Company in the future.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

| | |
|-----------------------------------|---|
| “AGM” | the annual general meeting of the Company to be held on 29 April 2020 to consider and, if thought fit, approve, among other things, the Proposed Capital Reduction |
| “Board” | board of Directors |
| “Company” | Gemini Investments (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the Ordinary Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00174) |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “Convertible Preference Share(s)” | the non-voting convertible preference share(s) in the capital of the Company allotted and issued by the Company to Grand Beauty on 23 December 2014 |
| “controlling shareholder” | has the meaning ascribed thereto in the Listing Rules |
| “Court” | means the Court of First Instance in the High Court of Hong Kong |
| “Director(s)” | the director(s) of the Company |
| “Grand Beauty” | Grand Beauty Management Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Sino-Ocean |
| “Group” | the Company and its subsidiaries |
| “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 |
| “Ordinary Share(s)” | the ordinary share(s) in the share capital of the Company |

| | |
|------------------------------|---|
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Proposed Capital Reduction” | the proposed reduction of capital of the Company involving the cancellation of 31,666,667 Convertible Preference Shares held by Grand Beauty |
| “Registrar” | the Registrar of Companies in Hong Kong |
| “Shareholder(s)” | holder(s) of the Ordinary Share(s) |
| “Sino-Ocean” | Sino-Ocean Group Holding Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03377) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

By order of the Board
Gemini Investments (Holdings) Limited
LAI Kwok Hung, Alex
Executive Director

Hong Kong, 28 February 2020

As at the date of this announcement, the directors of the Company are as follows:

| <i>Executive Directors:</i> | <i>Non-executive Directors:</i> | <i>Independent non-executive Directors:</i> |
|-----------------------------|---------------------------------|---|
| Mr. SUM Pui Ying | Mr. LI Ming | Mr. LAW Tze Lun |
| Mr. LAI Kwok Hung, Alex | Mr. LI Hongbo | Mr. LO Woon Bor, Henry |
| | Mr. TANG Runjiang | Ms. CHEN Yingshun |