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盛洋投資

Estate Spring International Limited
(置泉國際有限公司)

(Incorporated in the British Virgin Islands with limited liability)

Gemini Investments (Holdings) Limited
盛洋投資(控股)有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 174)

JOINT ANNOUNCEMENT

- (1) CONDITIONAL AGREEMENT FOR THE SALE AND PURCHASE OF SHARES OF THE COMPANY;**
(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF ESTATE SPRING INTERNATIONAL LIMITED TO ACQUIRE ALL ISSUED SHARES IN THE COMPANY (OTHER THAN THE EXCLUDED SHARES AND THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY ESTATE SPRING INTERNATIONAL LIMITED) AND CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY; AND
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Financial adviser to the Offeror



SOMERLEY CAPITAL LIMITED

**Independent Financial Adviser to the
Independent Board Committee**



FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Offeror that on 14 November 2020, the Offeror (as purchaser) and the Vendor (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares (representing approximately 24.45% of the total number of issued Shares as at the date of this joint announcement), free from Encumbrances together with all rights attaching to them on or after the Completion Date, for a total consideration of HK\$169,969,937.50 (equivalent to HK\$1.10 per Sale Share).

Completion of the Sale and Purchase Agreement is subject to the fulfilment or waiver (where applicable) of all the Conditions described in the section headed “Conditions under the Sale and Purchase Agreement” in this joint announcement.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this joint announcement, the Company has (i) 631,946,000 Shares in issue; (ii) 34,010,000 outstanding Options (which have been fully vested but not exercised); and (iii) 754,333,333 issued Convertible Preference Shares convertible into 377,166,666 Shares upon full conversion at the prevailing conversion price of HK\$6.00 per Convertible Preference Share. Save as disclosed above, the Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the date of this joint announcement.

As at the date of this joint announcement, (i) the Vendor is an indirect wholly-owned subsidiary of Sino-Ocean Group and hence an associated company of Sino-Ocean Group; and (ii) the Offeror is an indirect wholly-owned subsidiary of Fortune Joy, which is in turn indirectly owned by Sino-Ocean Group as to 49% and hence the Offeror is an associated company of Sino-Ocean Group. Therefore, both the Vendor and the Offeror are associated companies of each other and are presumed to be parties acting in concert pursuant to class (1) presumption under the definition of “acting in concert” under the Takeovers Code.

As at the date of this joint announcement, each of (i) the Vendor and (ii) the Offeror holds 312,504,625 and 90,278,000 Shares, respectively, representing approximately 49.45% and approximately 14.29% of the total number of issued Shares, respectively, and the Vendor holds 754,333,333 Convertible Preference Shares (representing all the issued Convertible Preference Shares).

As at the date of this joint announcement and upon Completion, (i) the Vendor, (ii) the Offeror, and (iii) the Offeror Concert Parties (other than the Vendor) hold and will hold 403,006,625 Shares in total, representing approximately 63.78% of the total number of issued Shares. In addition, the Vendor holds and will hold 754,333,333 Convertible Preference Shares, representing all the issued Convertible Preference Shares, as at the date of this joint announcement and upon Completion. Save for (i) the subscription for 90,278,000 Shares by the Offeror at a subscription price of HK\$1.00 per Share on 27 May 2020; (ii) the entering into of the Sale and Purchase Agreement; and (iii) the cancellation of 31,666,667 Convertible Preference Shares on 4 June 2020 pursuant to the Deed of Cancellation, none of the Offeror and the Offeror Concert Parties has dealt in any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six-month period immediately preceding the date of this joint announcement.

Upon Completion, (i) the Vendor, (ii) the Offeror, and (iii) the Offeror and the Offeror Concert Parties will hold 157,986,500, 244,796,125 and 403,006,625 Shares, respectively, representing 25.00%, approximately 38.74% and approximately 63.78% of the total number of issued Shares, respectively, and the Vendor will hold 754,333,333 Convertible Preference Shares (representing all the issued Convertible Preference Shares), in each case assuming there being no change to the issued share capital of the Company from the date of this joint announcement to the Completion Date.

Among the shareholding of the Offeror and the Offeror Concert Parties in the Company, upon Completion, the Offeror's holding in the Shares will increase from 90,278,000 Shares to 244,796,125 Shares, representing approximately 14.29% and 38.74% of the total number of issued Shares as at the date of this joint announcement respectively, whereas the Vendor's holding in the Shares will decrease from 312,504,625 Shares to 157,986,500 Shares, representing approximately 49.45% and 25.00% of the total number of issued Shares as at the date of this joint announcement respectively. Accordingly, the Offeror will be required to make a mandatory general offer in cash for all the securities of the Company in issue other than those already owned or agreed to be acquired by the Offeror. The Offers, comprising the Share Offer and the Option Offer, if and when made, will be unconditional in all aspects.

IRREVOCABLE UNDERTAKING BY VENDOR

Upon Completion, the Vendor will hold 157,986,500 Shares (namely the Excluded Shares) and 754,333,333 Convertible Preference Shares. On 14 November 2020, the Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which the Vendor has irrevocably undertaken to the Offeror that, among other things, (i) it will not request the Share Offer to be extended to it in respect of the Shares held by it and it will not accept the Share Offer in respect of the Shares held by it even if the Share Offer is extended to it; (ii) it has waived its right to receive and will not request any offer for the Convertible Preference Shares to be extended by the Offeror and it will not accept any such offer even if an offer is extended by the Offeror pursuant to the Offeror's obligations under the Takeovers Code relating to the Sale and Purchase Agreement; and (iii) save as contemplated under the Sale and Purchase Agreement, it will not, directly or indirectly, sell, transfer, charge, pledge or otherwise encumber or grant any option or other right over or create any derivative of or convert (in case of the Convertible Preference Shares) or otherwise deal with any of the Shares or Convertible Preference Shares held by it or any interest therein before the withdrawal or close or lapse of the Offers (whichever is earlier).

Principal terms of the Offers

Taking into account the Irrevocable Undertaking, Somerley will, subject to Completion, for and on behalf of the Offeror, make the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$1.10 in cash

The Option Offer

For cancellation of each outstanding Option with an exercise price of:

HK\$1.40 (2,300,000 Options in total) HK\$0.00001 in cash

HK\$0.96 (28,420,000 Options in total) HK\$0.14 in cash

HK\$1.27 (3,290,000 Options in total) HK\$0.00001 in cash

The Share Offer Price of HK\$1.10 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. The principal terms of the Offers are set out in the section headed “Possible Unconditional Mandatory Cash Offers” of this joint announcement.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options would normally represent the difference between the exercise price of the Options and the Share Offer Price. Under the Option Offer, given that the exercise price of 5,590,000 of the outstanding Options is above the Share Offer Price, such 5,590,000 of the outstanding Options are out-of-money and the offer price for each such outstanding Option is at a nominal value of HK\$0.00001. In respect of 28,420,000 of the outstanding Options the exercise price of which is below the Share Offer Price, the above offer price for such 28,420,000 of the outstanding Options represents the difference between the Share Offer Price and the relevant exercise price (i.e. HK\$0.96).

Confirmation of financial resources available for the Offers

Assuming all of the outstanding Options are exercised before the close of the Offers, the Company will have to issue 34,010,000 new Shares. Assuming the Share Offer, including in respect of such new Shares issued upon the exercise of such exercisable Options, is accepted in full, the maximum amount payable by the Offeror to satisfy the Total Consideration and the consideration for the Offers is HK\$459,460,650.00, which will be funded by internal resources of the Offeror. Assuming none of the outstanding Options is exercised before the close of the Offers and that the Offers are accepted in full, the maximum amount payable by the Offeror to satisfy the Total Consideration and the consideration for the Offers is HK\$426,028,505.90, which will be funded by internal resources of the Offeror.

Somerley, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum cash consideration payable by the Offeror for all the Sale Shares and upon full acceptance of the Offers.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising non-executive Director, Mr. WANG Xiao and all independent non-executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Ms. CHEN Yingshun, has been established by the Board to advise (i) the Independent Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to its acceptance; and (ii) the Independent Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to its acceptance.

Mr. TANG Runjiang, a non-executive Director, holds senior management position with Sino-Ocean Capital and is a director of certain subsidiaries of Sino-Ocean Capital and Sino-Ocean Group respectively, therefore he is not considered to be independent for the purpose of making a recommendation to the Independent Shareholders and Independent Optionholders in respect of the Offers and will not form part of the Independent Board Committee.

Reference is made to the announcement of the Company dated 3 April 2020 in relation to, among other things, the subscription of 45,139,000 Shares by Trend Best Investment Limited, a company wholly-owned by Mr. WANG Xiao, a non-executive Director. As disclosed in the announcement, Trend Best Investment Limited has provided a lock-up undertaking to the Company that it shall remain as the sole beneficial owner of those 45,139,000 Shares for a period of 270 days. As such, notwithstanding the recommendation to be given by the Independent Board Committee in respect of the Offers in the Composite Document, Trend Best Investment Limited is not allowed to accept the Share Offer in respect of the aforementioned 45,139,000 Shares.

First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to their acceptance. The Independent Board Committee has approved the appointment of First Shanghai as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the form of acceptance and transfer), containing, among other things, (i) the terms and conditions of the Offers; (ii) the expected timetable of the Offers; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Independent Optionholders in respect of the Offers; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers, shall be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

Shareholders and Optionholders are encouraged to read the Composite Document carefully, including the advice from the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders and Independent Optionholders in respect of the Offers, before deciding whether or not to accept the Offers.

The Offers will only be made if Completion takes place. Completion is subject to satisfaction and/or waiver, if applicable, of the Conditions contained in the Sale and Purchase Agreement. The Offers therefore may or may not be made. Shareholders, Optionholders, the holder of the Convertible Preference Shares and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders, Optionholders, the holder of the Convertible Preference Shares and potential investors of the Company of the possibility that the Offers may be made.

The Company was informed by the Offeror that on 14 November 2020, the Offeror (as purchaser) and the Vendor (as vendor) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares (representing approximately 24.45% of the total number of issued Shares as at the date of this joint announcement), free from Encumbrances together with all rights attaching to them on or after the Completion Date, for a total consideration of HK\$169,969,937.50 (equivalent to HK\$1.10 per Sale Share).

THE SALE AND PURCHASE AGREEMENT

Date : 14 November 2020

Parties : Grand Beauty Management Limited, as vendor;
Estate Spring International Limited, as purchaser.

Sale Shares

Pursuant to the Sale and Purchase Agreement, the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares (representing approximately 24.45% of the total number of issued Shares as at the date of this joint announcement) for a total consideration of HK\$169,969,937.50 (equivalent to HK\$1.10 per Sale Share).

The Sale Shares will be acquired free from all Encumbrances and together with all rights attaching to them at Completion and thereafter, including all rights to any dividend or other distribution declared, made or paid on and after the Completion Date.

Consideration for the Sale Shares

The Total Consideration for all the Sale Shares pursuant to the Sale and Purchase Agreement is HK\$169,969,937.50, equivalent to HK\$1.10 per Sale Share.

The Total Consideration was agreed between the Offeror and the Vendor after arm's length negotiations, having regard to the net asset value of the Group, calculated based on the net assets attributable to the Shareholders as at 30 June 2020 (being the net assets attributable to owners of the Company minus the Convertible Preference Shares reserve and the perpetual bond of the Company), the prevailing market price, historical price trend and liquidity of the Shares, the current capital market conditions, and the existing financial position and operation prospects of the Group's business.

Conditions under the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement is conditional upon:

- (i) the Shares remaining listed and traded on the Stock Exchange, and no notification or indication being received from the Stock Exchange or the SFC prior to Completion that the listing and/or trading of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended (excluding any halt or suspension for the purpose of obtaining clearance from the SFC or the Stock Exchange relating to, among other things, the transactions contemplated under the Sale and Purchase Agreement);
- (ii) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities or any other third parties required for the Sale and Purchase Agreement and the transactions contemplated under the Sale and Purchase Agreement being obtained;
- (iii) the Stock Exchange and the Executive having advised that they have no further comment on this joint announcement and the publication of the same on the Stock Exchange's website;
- (iv) the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading; and
- (v) the representations, warranties and undertakings given by the Offeror under the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading (together, the "**Conditions**").

The Vendor shall use its best endeavours to procure the fulfilment of the Conditions set out in paragraphs (ii) (to the extent relating to the Vendor) and (iv) above. The Offeror shall use its best endeavours to procure the fulfilment of the Conditions set out in paragraphs (ii) (to the extent relating to the Offeror), (iii) and (v) above.

Except for the Conditions set out in paragraphs (ii) and (iii) (insofar as it relates to the necessary waivers, consents and approvals from the relevant governmental or regulatory authorities) above which cannot be waived, (a) the Offeror may waive any of the Conditions to the extent permitted at its absolute discretion (other than the Condition set out in paragraph (v) above); and (b) the Vendor may waive the Condition set out in paragraph (v) above.

If any of the Conditions is not satisfied, or where applicable, waived, at or before 5:00 p.m. on the Long Stop Date, the Sale and Purchase Agreement shall cease and determine (save and except certain surviving provisions which shall continue to have full force and effect).

As at the date of this joint announcement, save for the Condition set out in paragraph (iii) above, none of the other Conditions has been fulfilled. As at the date of this joint announcement, no specific waiver, consent or approval has been identified as being required under the Condition set out in paragraph (ii) above.

Completion

Subject to the fulfilment or waiver (where applicable) of all the Conditions, Completion will take place on the Completion Date.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this joint announcement, the Company has (i) 631,946,000 Shares in issue; (ii) 34,010,000 outstanding Options (which have been fully vested but not exercised); and (iii) 754,333,333 issued Convertible Preference Shares convertible into 377,166,666 Shares upon full conversion at the prevailing conversion price of HK\$6.00 per Convertible Preference Share. Save as disclosed above, the Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the date of this joint announcement.

As at the date of this joint announcement, (i) the Vendor is an indirect wholly-owned subsidiary of Sino-Ocean Group and hence an associated company of Sino-Ocean Group; and (ii) the Offeror is an indirect wholly-owned subsidiary of Fortune Joy, which is in turn indirectly owned by Sino-Ocean Group as to 49% and hence the Offeror is an associated company of Sino-Ocean Group. Therefore, both the Vendor and the Offeror are associated companies of each other and are presumed to be parties acting in concert pursuant to class (1) presumption under the definition of “acting in concert” under the Takeovers Code.

As at the date of this joint announcement, each of (i) the Vendor and (ii) the Offeror holds 312,504,625 and 90,278,000 Shares, respectively, representing approximately 49.45% and approximately 14.29% of the total number of issued Shares, respectively, and the Vendor holds 754,333,333 Convertible Preference Shares (representing all the issued Convertible Preference Shares).

As at the date of this joint announcement and upon Completion, (i) the Vendor, (ii) the Offeror, and (iii) the Offeror Concert Parties (other than the Vendor) hold and will hold 403,006,625 Shares in total, representing approximately 63.78% of the total number of issued Shares. In addition, the Vendor holds and will hold 754,333,333 Convertible Preference Shares, representing all the issued Convertible Preference Shares, as at the date of this joint announcement and upon Completion. Save for (i) the subscription for 90,278,000 Shares by the Offeror at a subscription price of HK\$1.00 per Share on 27 May 2020; (ii) the entering into of the Sale and Purchase Agreement; and (iii) the cancellation of 31,666,667 Convertible Preference Shares on 4 June 2020 pursuant to the Deed of Cancellation, none of the Offeror and the Offeror Concert Parties has dealt in any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six-month period immediately preceding the date of this joint announcement.

Upon Completion, (i) the Vendor, (ii) the Offeror, and (iii) the Offeror and the Offeror Concert Parties will hold 157,986,500, 244,796,125 and 403,006,625 Shares, respectively, representing 25.00%, approximately 38.74% and approximately 63.78% of the total number of issued Shares, respectively, and the Vendor will hold 754,333,333 Convertible Preference Shares (representing all the issued Convertible Preference Shares), in each case assuming there being no change to the issued share capital of the Company from the date of this joint announcement to the Completion Date.

Among the shareholding of the Offeror and the Offeror Concert Parties in the Company, upon Completion, the Offeror's holding in the Shares will increase from 90,278,000 Shares to 244,796,125 Shares, representing approximately 14.29% and 38.74% of the total number of issued Shares as at the date of this joint announcement respectively, whereas the Vendor's holding in the Shares will decrease from 312,504,625 Shares to 157,986,500 Shares, representing approximately 49.45% and 25.00% of the total number of issued Shares as at the date of this joint announcement respectively. Accordingly, the Offeror will be required to make a mandatory general offer in cash for all the securities of the Company in issue other than those already owned or agreed to be acquired by the Offeror. The Offers, comprising the Share Offer and the Option Offer, if and when made, will be unconditional in all aspects.

Irrevocable Undertaking by Vendor

Upon Completion, the Vendor will hold 157,986,500 Shares (namely the Excluded Shares) and 754,333,333 Convertible Preference Shares. On 14 November 2020, the Vendor has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which the Vendor has irrevocably undertaken to the Offeror that, among other things, (i) it will not request the Share Offer to be extended to it in respect of the Shares held by it and it will not accept the Share Offer in respect of the Shares held by it even if the Share Offer is extended to it; (ii) it has waived its right to receive and will not request any offer for the Convertible Preference Shares to be extended by the Offeror and it will not accept any such offer even if an offer is extended by the Offeror pursuant to the Offeror's obligations under the Takeovers Code relating to the Sale and Purchase Agreement; and (iii) save as contemplated under the Sale and Purchase Agreement, it will not, directly or indirectly, sell, transfer, charge, pledge or otherwise encumber or grant any option or other right over or create any derivative of or convert (in case of the Convertible Preference Shares) or otherwise deal with any of the Shares or Convertible Preference Shares held by it or any interest therein before the withdrawal or close or lapse of the Offers (whichever is earlier).

Principal terms of the Offers

Taking into account the Irrevocable Undertaking, Somerley will, subject to Completion, for and on behalf of the Offeror, make the Share Offer pursuant to Rule 26.1 of the Takeovers Code and the Option Offer pursuant to Rule 13.5 of the Takeovers Code on the following basis:

The Share Offer

For each Offer ShareHK\$1.10 in cash

The Option Offer

For cancellation of each outstanding Option with an exercise price of:

HK\$1.40 (2,300,000 Options in total) HK\$0.00001 in cash

HK\$0.96 (28,420,000 Options in total)HK\$0.14 in cash

HK\$1.27 (3,290,000 Options in total) HK\$0.00001 in cash

The Share Offer Price of HK\$1.10 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the offer price for the outstanding Options would normally represent the difference between the exercise price of the Options and the Share Offer Price. Under the Option Offer, given that the exercise price of 5,590,000 of the outstanding Options is above the Share Offer Price, such 5,590,000 of the outstanding Options are out-of-money and the offer price for each such outstanding Option is at a nominal value of HK\$0.00001. In respect of 28,420,000 of the outstanding Options the exercise price of which is below the Share Offer Price, the above offer price of HK\$0.14 for each such 28,420,000 of the outstanding Options represents the difference between the Share Offer Price and the relevant exercise price (i.e. HK\$0.96).

The Share Offer will be extended to all Shareholders (other than the Excluded Shares and those Shares already owned or agreed to be acquired by the Offeror) and the Option Offer will be extended to all Optionholders. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offers are made, being the date of the Composite Document.

Comparison of value

The Share Offer Price of HK\$1.10 per Offer Share represents:

- (i) a premium of approximately 26.44% over the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 47.06% over the average closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.748 per Share;
- (iii) a premium of approximately 66.67% over the average closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.66 per Share;
- (iv) a discount of approximately 40.25% to the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1.841 per Share (based on the net assets attributable to owners of the Company minus the Convertible Preference Shares reserve and the perpetual bond of the Company, divided by the total number of issued Shares) as at 31 December 2019, being the date to which the latest published audited financial results of the Group were made up; and
- (v) a discount of approximately 28.66% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$1.542 per Share (based on the net assets attributable to owners of the Company minus the Convertible Preference Shares reserve and the perpetual bond of the Company, divided by the total number of issued Shares) as at 30 June 2020, being the date to which the latest published unaudited financial results of the Group were made up.

Dividend

The Company has not declared and currently has no intention to declare any interim dividend before the close of the Offers.

Highest and lowest prices of the Shares

During the six-month period preceding the date of this joint announcement and up to the date of this joint announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.87 on 13 November 2020, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.42 on 7 October 2020.

Total value of the Offers

Assuming there is no change in the issued share capital of the Company, none of the outstanding Convertible Preference Shares is converted and none of the outstanding Options is exercised prior to the close of the Offers, there would be 631,946,000 Shares in issue. On the basis of the Share Offer Price being HK\$1.10 per Share, the entire issued share capital of the Company would be valued at HK\$695,140,600.00.

Assuming there is no change in the issued share capital of the Company and none of the outstanding Convertible Preference Shares is converted but all the 34,010,000 outstanding Options are fully exercised prior to the close of the Offers, there would be 665,956,000 Shares in issue. On the basis of the Share Offer Price being HK\$1.10 per Share, the entire issued share capital of the Company would be valued at HK\$732,551,600.00.

Assuming there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the close of the Offers, excluding the 244,796,125 Shares which will be owned by the Offeror upon Completion and the 157,986,500 Excluded Shares and 754,333,333 Convertible Preference Shares which will continue to be owned by the Vendor pursuant to the Irrevocable Undertaking, 229,163,375 Shares will be subject to the Share Offer and 34,010,000 outstanding Options will be subject to the Option Offer, which in aggregate are valued at HK\$256,058,568.40.

Confirmation of financial resources available for the Offers

Assuming all of the outstanding Options are exercised before the close of the Offers, the Company will have to issue 34,010,000 new Shares. Assuming the Share Offer, including in respect of such new Shares issued upon the exercise of such exercisable Options, is accepted in full, the maximum amount payable by the Offeror to satisfy the Total Consideration and the consideration for the Offers is HK\$459,460,650.00, which will be funded by internal resources of the Offeror. Assuming none of the outstanding Options is exercised before the close of the Offers and that the Offers are accepted in full, the maximum amount payable by the Offeror to satisfy the Total Consideration and the consideration for the Offers is HK\$426,028,505.90, which will be funded by internal resources of the Offeror.

Somerley, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum cash consideration payable by the Offeror for all the Sale Shares and upon full acceptance of the Offers.

Effect of accepting the Offers

By accepting the Share Offer, the relevant Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

By accepting the Option Offer, the relevant Optionholder will be deemed to agree to the cancellation of the Options to be tendered by such person under the Option Offer and all rights attached thereto with effect from the date on which the Option Offer are made, being the date of despatch of the Composite Document.

Optionholders should note that, pursuant to the Share Option Scheme, if there is an unconditional general offer made to the Shareholders, the Optionholders may within 21 days of the notice of the Company exercise the Option (to the extent which has become exercisable and not already exercised) to its full extent and after which the Options shall lapse automatically. If the Offers, which will only be made if Completion takes place, are made, as the Offers are unconditional, the Options shall lapse automatically if they are not exercised within 21 days of the notice of the Company.

Acceptance of the Offers will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Settlement

Payment in cash in respect of acceptances of the Offers will be made within seven (7) business days (as defined under the Takeovers Code) following the date on which a duly completed acceptance form of the Share Offer and/or Option Offer was received. Relevant documents of title in respect of such acceptances must be received by the Offeror (or its agent) to render each acceptance of the Share Offer and/or Option Offer complete and valid. No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder or an Optionholder who accepts the Share Offer or Option Offer (as the case may be) will be rounded up to the nearest cent.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer(s). None of the Offeror and the Offeror Concert Parties, the Company, and their respective directors, officers, agents or associates or any other person involved in the Offer(s) accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer(s).

Overseas Shareholders and Overseas Optionholders

The availability of the Offers to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe all applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Share Offer or the Option Offer (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders or Overseas Optionholders in respect of such jurisdiction).

In the event that the receipt of the Composite Document by Overseas Shareholders and Overseas Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such Overseas Shareholders and Overseas Optionholders. As at the date of this joint announcement, there was one Shareholder with registered address in Macau based on the register of members of the Company and there were Optionholders with registered address in the PRC based on the register of optionholders of the Company. The Company will continue to monitor the list of Overseas Shareholders and Overseas Optionholders before the publication of the Composite Document and the Offeror will apply for any waivers as may be required pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Acceptance of the Share Offer or the Option Offer (as the case may be) by any Overseas Shareholder or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Optionholders should consult their professional advisers in case of any doubt.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. The Offeror is an indirect wholly-owned subsidiary of Sino-Ocean Capital, which is wholly-owned by Fortune Joy. Fortune Joy is 49% indirectly owned by Sino-Ocean Group, 12.75% owned by Charm Reliance, 12.75% owned by Delight Finance and 25.50% owned by Leading Bright.

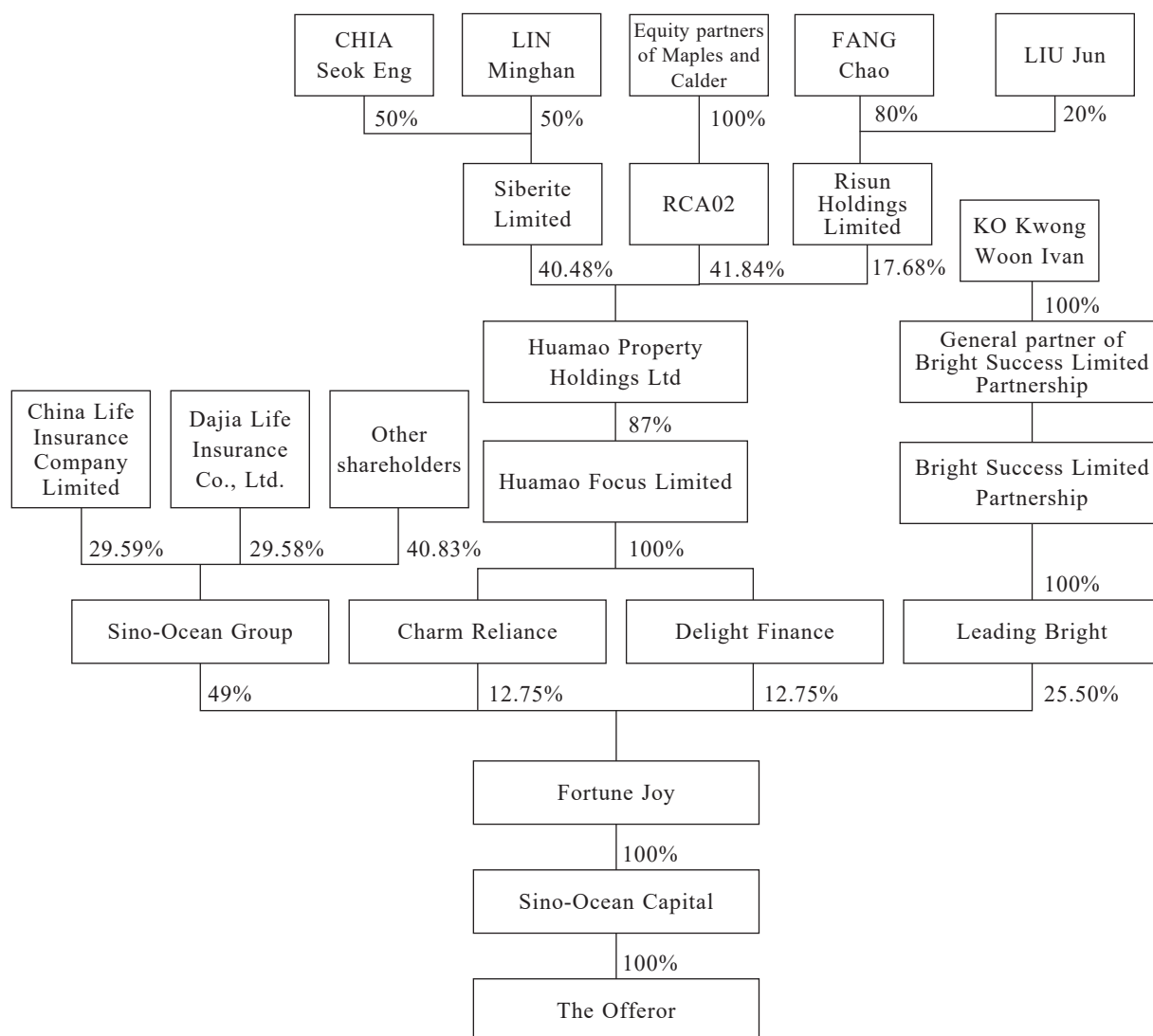
Sino-Ocean Group is a company incorporated in Hong Kong with limited liability and the ordinary shares of which are listed on the Stock Exchange with stock code 3377. Based on the 2020 interim report of Sino-Ocean Group published on the website of the Stock Exchange on 10 September 2020, as at 30 June 2020, it had no controlling shareholder, and the two largest shareholders of Sino-Ocean Group were (i) China Life Insurance Company Limited, which holds approximately 29.59% of Sino-Ocean Group; and (ii) Dajia Life Insurance Co., Ltd. (大家人壽保險股份有限公司), which holds approximately 29.58% of Sino-Ocean Group. Sino-Ocean Group is a leading large-scale national property developer with developments in rapidly growing Chinese cities and metropolitan regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region, the Western Region, and in other regions. Its business scope covers residential and integrated development, property development and operation, business collaboration and customer services.

Both Charm Reliance and Delight Finance are wholly-owned by Huamao Focus Limited, which is, in turn, 87% owned by Huamao Property Holdings Ltd, which is, in turn, (i) 40.48% owned by Siberite Limited, a company incorporated in the BVI which is ultimately 50% owned by CHIA Seok Eng and 50% owned by LIN Minghan; (ii) 41.84% owned by RCA02, an entity incorporated in the Cayman Islands, which is ultimately owned by the equity partners of Maples and Calder, who are the ultimate beneficial owners of the Maples Group which, according to its website, provides legal, fiduciary, fund, regulatory and compliance and entity formation and management services; and (iii) 17.68% owned by Risun Holdings Limited, a company incorporated in Hong Kong with limited liability, which is 80% owned by FANG Chao and 20% owned by LIU Jun. Huamao Property Holdings Ltd is an investment platform which, through its establishments in Beijing, the Bohai Rim Region, Yangtze River Delta and Pearl River Delta of the PRC, is principally engaged in commercial property development and operation, focusing on large scale building complexes and high quality residential properties.

Leading Bright is wholly-owned by Bright Success Limited Partnership, the general partner of which is ultimately beneficially owned by KO Kwong Woon Ivan. Leading Bright is principally engaged in the provision of property investment management and consultancy service in the PRC, Hong Kong and Macau.

As at the date of this joint announcement, the directors of the Offeror are Mr. WANG Honghui and Ms. CHAN Ka Man.

Set out below is the simplified shareholding structure of the Offeror as at the date of this joint announcement:



Arrangements and Dealing in Securities

The Offeror confirms that, as at the date of this joint announcement:

- (i) saved for the Sale and Purchase Agreement and save as disclosed in the section headed “Shareholding Structure of the Company”, neither the Offeror nor any of the Offeror Concert Parties owned or had control or direction over any voting rights in the Company or rights over the Shares;
- (ii) other than the Irrevocable Undertaking, neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to accept or decline any of the Offers;

- (iii) saved for the Convertible Preference Shares and save as disclosed in the section headed “Shareholding Structure of the Company”, neither the Offeror nor any of the Offeror Concert Parties held any convertible securities, warrants or options in respect of the Shares;
- (iv) neither the Offeror nor any of the Offeror Concert Parties had entered into any outstanding derivative in respect of securities in the Company;
- (v) save for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Offers;
- (vi) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offers;
- (vii) neither the Offeror nor any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (viii) apart from the Total Consideration for all the Sale Shares, the Offeror and the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Vendor and any parties acting in concert with it in connection with the sale and purchase of all the Sale Shares;
- (ix) there is no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between the Offeror or any Offeror Concert Parties on the one hand, and the Vendor and any parties acting in concert with it on the other hand; and
- (x) there is no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder or Optionholder; and (2)(a) the Offeror and the Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies.

Save for (i) the subscription for 90,278,000 Shares by the Offeror at a subscription price of HK\$1.00 per Share on 27 May 2020; (ii) the entering into of the Sale and Purchase Agreement; and (iii) the cancellation of 31,666,667 Convertible Preference Shares on 4 June 2020 pursuant to the Deed of Cancellation, neither the Offeror nor any of the Offeror Concert Parties had dealt for value in the Shares, Options, convertible securities, warrants, options and derivatives in respect of the securities of the Company during the six months immediately preceding the date of this joint announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

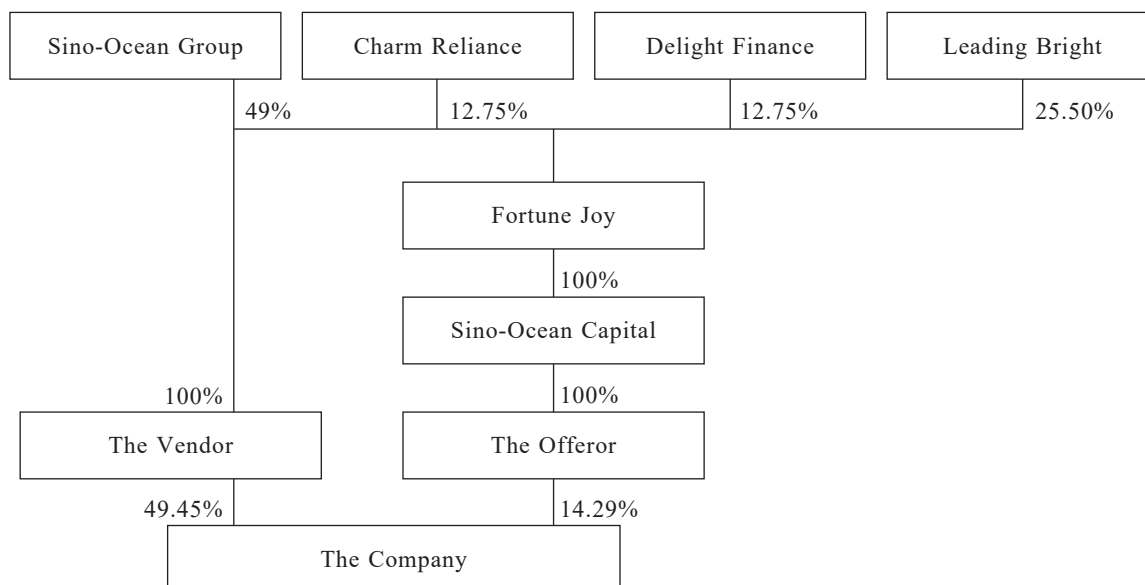
Set out below is the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately after Completion and before the Offers are made (assuming none of the outstanding Convertible Preference Shares has been converted and none of the outstanding Options has been exercised and there being no other change in the total number of issued Shares); and (iii) immediately after Completion and before the Offers are made (assuming none of the outstanding Convertible Preference Shares has been converted and all the outstanding Options have been exercised and there being no other change in the total number of issued Shares):

	As at the date of this joint announcement		Immediately after Completion and before the Offers are made (assuming none of the outstanding Convertible Preference Shares has been converted and none of the outstanding Options has been exercised)		Immediately after Completion and before the Offers are made (assuming none of the outstanding Convertible Preference Shares has been converted and all the outstanding Options has been exercised)	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Offeror and Offeror Concert Parties						
Offeror	90,278,000	14.29	244,796,125	38.74	244,796,125	36.76
Vendor	312,504,625	49.45	157,986,500 ^{Note 1}	25.00	157,986,500 ^{Note 1}	23.72
Other Offeror Concert Parties ^{Note 2}	224,000	0.04	224,000	0.04	4,224,000 ^{Note 3}	0.63
Subtotal	403,006,625	63.78	403,006,625	63.78	407,006,625	61.11
Directors						
SUM Pui Ying ^{Note 4}	—	—	—	—	18,000,000 ^{Note 5}	2.70
LAI Kwok Hung, Alex	—	—	—	—	3,500,000 ^{Note 6}	0.53
WANG Xiao	46,465,000 ^{Note 7}	7.35	46,465,000 ^{Note 7}	7.35	46,465,000 ^{Note 7}	6.98
Other substantial Shareholder						
Hongkong Presstar Enterprise Co., Limited	45,139,000 ^{Note 8}	7.14	45,139,000 ^{Note 8}	7.14	45,139,000 ^{Note 8}	6.78
Other public Shareholders	137,335,375	21.73	137,335,375	21.73	145,845,375^{Note 9}	21.90
Total	631,946,000	100	631,946,000	100	665,956,000	100

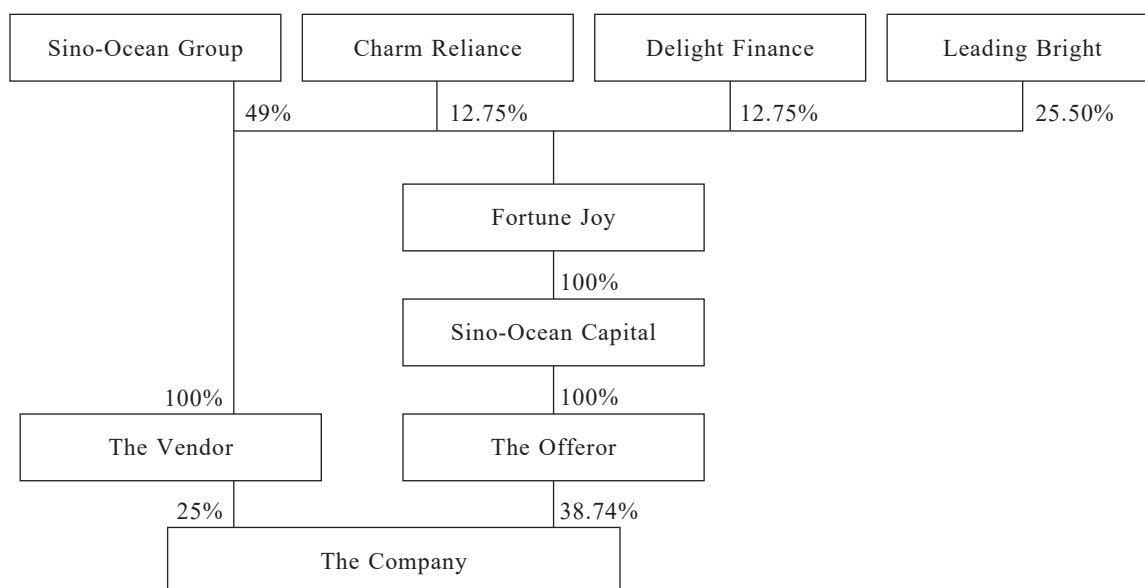
Notes:

1. Upon Completion, the Vendor will hold 157,986,500 Shares (namely the Excluded Shares) and 754,333,333 Convertible Preference Shares convertible into 377,166,666 Shares upon full conversion at the prevailing conversion price of HK\$6.00 per Convertible Preference Share. Please refer to the paragraph headed “Irrevocable Undertaking by Vendor” in this joint announcement for the undertakings given by the Vendor in relation to these Shares and Convertible Preference Shares.
2. Other Offeror Concert Parties comprise: (i) Mr. WANG Honghui, who is a director of each of the Offeror, Sino-Ocean Capital, Fortune Joy and Sino-Ocean Group; (ii) Ms. CHAN Ka Man, who is a director of the Offeror; (iii) Mr. LI Ming, who resigned as a Director on 30 July 2020 and, as at the date of this joint announcement, is a director of each of Sino-Ocean Capital, Fortune Joy and Sino-Ocean Group; and (iv) Mr. CHEUNG Tei Sing Jamie, who is an executive director of Somerley Capital Holdings Limited (the parent company of Somerley, which is the financial adviser to the Offeror in respect of the Offers).
3. These Shares comprise (i) an aggregate of 224,000 Shares held by Mr. WANG Honghui, Ms. CHAN Ka Man and Mr. CHEUNG Tei Sing Jamie; and (ii) 4,000,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$0.96 per Share held by Mr. LI Ming.
4. Mr. SUM Pui Ying is the Chief Financial Officer of Sino-Ocean Group.
5. These Shares comprise (i) 2,000,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$1.40 per Share; and (ii) 16,000,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$0.96 per Share, held by Mr. SUM Pui Ying.
6. These Shares comprise (i) 3,000,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$0.96 per Share; and (ii) 500,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$1.27 per Share, held by Mr. LAI Kwok Hung, Alex.
7. These Shares comprise (i) 45,139,000 Shares held by Trend Best Investment Limited, a company wholly-owned by Mr. WANG Xiao and (ii) 1,326,000 Shares beneficially held by Mr. WANG Xiao.
8. Hongkong Presstar Enterprise Co., Limited is wholly-owned by Mr. ZHANG Li.
9. These Shares comprise (i) 137,335,375 Shares held by the other public Shareholders and (ii) 8,510,000 Shares upon the exercise of all the outstanding Options (comprising (a) 300,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$1.40 per Share; (b) 5,420,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$0.96 per Share; and (c) 2,790,000 Shares upon the exercise of all the outstanding Options at the exercise price of HK\$1.27 per Share).
10. Save as disclosed above, no other Directors held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this joint announcement.
11. 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.

Set out below is the simplified shareholding structure of the Company as at the date of this joint announcement:



Set out below is the simplified shareholding structure of the Company immediately after Completion and before the Offers are made (assuming there being no change in the total number of issued Shares):



INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Hong Kong with limited liability. The Group is primarily engaged in investment in fund platform, fund investments, property investment and development and securities investment businesses.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Reference is made to the announcement of the Company dated 31 July 2020 in relation to the consolidation of the operating performance and financial position of Gemini-Rosemont Realty LLC (“GR Realty”) into the financial statements of the Group under the Hong Kong Financial Reporting Standards as a result of the Group obtaining control in GR Realty.

It is the intention of the Offeror to have in-depth collaboration with the Company and GR Realty to explore business opportunities in the U.S. market in a more direct and efficient manner, and leverage on the resources and expertise that the Company and GR Realty possess outside the PRC, including assets and fund management experience, industry resources and established network, with a view to drive business synergy and improve the operational efficiency of the Group and Sino-Ocean Capital as a whole.

Upon completion of the Offers, the Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

As at the date of this joint announcement, the Offeror has no plan to cease any existing businesses of the Group or to dispose any material assets of the Group. The Offeror will review the existing capital structure and working capital requirement of the Group and if necessary, will consider different alternatives to strengthen the capital base of the Company for any future expansion.

COMPOSITION OF THE BOARD

The Board currently comprises three executive Directors, being Mr. SUM Pui Ying, Mr. LAI Kwok Hung, Alex, and Ms. LAM Yee Lan; two non-executive Directors, being Mr. TANG Runjiang and Mr. WANG Xiao; and three independent non-executive Directors, being Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Ms. CHEN Yingshun.

As at the date of this joint announcement, the Offeror has not decided on the future composition of the Board and is in the process of identifying any suitable candidates as members of the Board. The Offeror may make changes to the composition of the Board by nominating new Directors to facilitate the business operation and management of the Group after the close of the Offers. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued Shares will be held by the public at all times following the close of the Offers.

Pursuant to the Listing Rules, if, after the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

In this connection, it should be noted that following the close of the Offers, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until sufficient public float is restored for the Shares. The Company will take appropriate steps following the close of the Offers to ensure that sufficient public float as required under the Listing Rules exists for the Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising non-executive Director, Mr. WANG Xiao and all independent non-executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Ms. CHEN Yingshun, has been established by the Board to advise (i) the Independent Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to its acceptance; and (ii) the Independent Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to its acceptance.

Mr. TANG Runjiang, a non-executive Director, holds senior management position with Sino-Ocean Capital and is a director of certain subsidiaries of Sino-Ocean Capital and Sino-Ocean Group respectively, therefore he is not considered to be independent for the purpose of making a recommendation to the Independent Shareholders and Independent Optionholders in respect of the Offers and will not form part of the Independent Board Committee.

Reference is made to the announcement of the Company dated 3 April 2020 in relation to, among other things, the subscription of 45,139,000 Shares by Trend Best Investment Limited, a company wholly-owned by Mr. WANG Xiao, a non-executive Director. As disclosed in the announcement, Trend Best Investment Limited has provided a lock-up undertaking to the Company that it shall remain as the sole beneficial owner of those 45,139,000 Shares for a period of 270 days. As such, notwithstanding the recommendation to be given by the Independent Board Committee in respect of the Offers in the Composite Document, Trend Best Investment Limited is not allowed to accept the Share Offer in respect of the aforementioned 45,139,000 Shares.

First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to their acceptance. The Independent Board Committee has approved the appointment of First Shanghai as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the form of acceptance and transfer), containing, among other things, (i) the terms and conditions of the Offers; (ii) the expected timetable of the Offers; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Independent Optionholders in respect of the Offers; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers, shall be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and agreed by the Executive.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

Shareholders and Optionholders are encouraged to read the Composite Document carefully, including the advice from the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders and Independent Optionholders in respect of the Offers, before deciding whether or not to accept the Offers.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (as defined under the Takeovers Code, including persons owning or controlling 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in the relevant securities of the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Offers will only be made if Completion takes place. Completion is subject to satisfaction and/or waiver, if applicable, of the Conditions contained in the Sale and Purchase Agreement. The Offers therefore may or may not be made. Shareholders, Optionholders, the holder of the Convertible Preference Shares and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders, Optionholders, the holder of the Convertible Preference Shares and potential investors of the Company of the possibility that the Offers may be made.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“associated company(ies)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours (except Saturday, Sunday, public holiday or a day on which tropical cyclone warning signal number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m. in Hong Kong)
“BVI”	the British Virgin Islands
“Charm Reliance”	Charm Reliance International Limited, a company incorporated in the BVI with limited liability and holds 12.75% of Fortune Joy
“Company”	Gemini Investments (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange with stock code 174
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Completion Date”	the third Business Day after all the Conditions have been fulfilled, or, where applicable, waived by the Vendor or the Offeror or such other date as the Vendor and the Offeror may agree in writing, in accordance with the Sale and Purchase Agreement

“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Independent Board Committee to the Independent Shareholders and Independent Optionholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers
“Condition(s)”	has the meaning ascribed to it under the paragraph headed “Conditions under the Sale and Purchase Agreement” in this joint announcement
“Convertible Preference Share(s)”	the non-voting convertible preference shares of the Company issued by the Company to the Vendor on 23 December 2014
“Deed of Cancellation”	the deed of cancellation dated 28 February 2020 executed by the Vendor in favour of the Company relating to the cancellation of 31,666,667 Convertible Preference Shares held by the Vendor
“Delight Finance”	Delight Finance International Limited, a company incorporated in the BVI with limited liability and holds 12.75% of Fortune Joy
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Excluded Shares”	the 157,986,500 Shares which will continue to be owned by the Vendor upon Completion and will be excluded from the Share Offer pursuant to the Irrevocable Undertaking
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Fortune Joy”	Fortune Joy Ventures Limited (瑞喜創投有限公司), a company incorporated in the BVI with limited liability, which is 49% indirectly owned by Sino-Ocean Group, 12.75% owned by Charm Reliance, 12.75% owned by Delight Finance and 25.50% owned by Leading Bright

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising non-executive Director, Mr. WANG Xiao and all independent non-executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Ms. CHEN Yingshun, established for the purpose of advising the Independent Shareholders and Independent Optionholders in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“Independent Financial Adviser” or “First Shanghai”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, appointed by the Company as the independent financial adviser for the purpose of advising the Independent Board Committee in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“Independent Optionholders”	the Optionholders other than the Offeror and the Offeror Concert Parties
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Irrevocable Undertaking”	the irrevocable undertaking dated 14 November 2020 given by the Vendor in favour of the Offeror
“Last Trading Day “	13 November 2020, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the release of this joint announcement
“Leading Bright”	Leading Bright Investment Limited, a company incorporated in Hong Kong with limited liability and holds 25.50% of Fortune Joy
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020 (or such other date as the Vendor and the Offeror may from time to time agree in writing)

“Offer Share(s)”	all the issued Shares other than the Excluded Shares and those already owned or agreed to be acquired by the Offeror when the Share Offer is made
“Offeror”	Estate Spring International Limited (置泉國際有限公司), an indirect wholly-owned subsidiary of Fortune Joy
“Offeror Concert Parties”	any parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code, including but not limited to Sino-Ocean Group, the Vendor, Mr. LI Ming, Mr. WANG Honghui, Ms. CHAN Ka Man and Mr. CHEUNG Tei Sing Jamie
“Offers”	the Share Offer and the Option Offer
“Option(s)”	the share option(s) granted by the Company on 26 August 2011, 9 August 2013 and 9 March 2015 pursuant to the Share Option Scheme which entitle holders thereof to subscribe for the Shares in accordance with the terms and conditions thereof
“Option Offer”	the possible unconditional mandatory cash offer by Somerley for and on behalf of the Offeror to cancel all outstanding Options in accordance with the Takeovers Code
“Optionholder(s)”	the holder(s) of the outstanding Option(s)
“Overseas Optionholders”	Optionholders whose addresses as shown on the register of optionholders of the Company are outside Hong Kong
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 14 November 2020 entered into between the Vendor and the Offeror in respect of the sale and purchase of the Sale Shares
“Sale Shares”	collectively, 154,518,125 Shares to be acquired by the Offeror from the Vendor pursuant to the terms of the Sale and Purchase Agreement; and “Sale Share” means any one of them

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the possible unconditional mandatory cash offer by Somerley for and on behalf of the Offeror to acquire all issued Shares in the Company (other than the Excluded Shares and those already owned or agreed to be acquired by the Offeror) in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$1.10 per Offer Share
“Share Option Scheme”	the share option scheme of the Company approved and adopted on 23 June 2011
“Sino-Ocean Capital”	Sino-Ocean Capital Holding Limited, a wholly-owned subsidiary of Fortune Joy
“Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability and the ordinary shares of which are listed on the Stock Exchange with stock code 3377
“Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Total Consideration”	the total consideration for the sale and purchase of all the Sale Shares payable by the Offeror to the Vendor

“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“U.S.”	the United States of America
“Vendor”	Grand Beauty Management Limited (盛美管理有限公司), an indirect wholly-owned subsidiary of Sino-Ocean Group
“%”	per cent.

By order of the board of directors of
Estate Spring International Limited
WANG Honghui
Director

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

Hong Kong, 16 November 2020

As at the date of this joint announcement, the executive Directors are Mr. SUM Pui Ying, Mr. LAI Kwok Hung, Alex, and Ms. LAM Yee Lan; and the non-executive Directors are Mr. TANG Runjiang and Mr. WANG Xiao; and the independent non-executive Directors are Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Ms. CHEN Yingshun.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and the Offeror Concert Parties), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and the Offeror Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. WANG Honghui and Ms. CHAN Ka Man.

As at the date of this joint announcement, the directors of Sino-Ocean Capital are Mr. LI Ming, Mr. WANG Honghui, Mr. ZHOU Yue, Mr. ZHANG Lisheng and Mr. KO Kwong Woon Ivan.

As at the date of this joint announcement, the directors of Fortune Joy are Mr. LI Ming, Mr. WANG Honghui, Mr. ZHOU Yue, Mr. ZHANG Lisheng and Mr. KO Kwong Woon Ivan.

The directors of the Offeror, Sino-Ocean Capital and Fortune Joy jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.