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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
CAPITALISATION OF SHAREHOLDER'S LOAN
AND
ISSUE OF CONVERTIBLE PREFERENCE SHARES**

THE CAPITALISATION AND SUBSCRIPTION AGREEMENT

The Board announces that on 27 January 2017 (after trading hours), the Company entered into the Capitalisation and Subscription Agreement with the Subscriber (an indirect wholly-owned subsidiary of Sino-Ocean Group), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for up to a maximum of 597,230,534 new Convertible Preference Shares by way of capitalisation of the Shareholder's Loan and the related interest accrued thereon up to the Completion Date. The Subscription Price is HK\$3.0 per Convertible Preference Share, and the conversion price at which each Ordinary Share will be issued upon exercise of the conversion rights attaching to the Convertible Preference Shares is HK\$3.0. The Conversion Shares will be issued by the Company under the specific mandate to be sought for approval by the Independent Shareholders at the EGM.

Completion of the Capitalisation and Subscription Agreement is conditional on, among other things, (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Capitalisation and Subscription Agreement and the transactions contemplated thereunder; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares.

IMPLICATIONS UNDER THE LISTING RULES

The issue of the Convertible Preference Shares to the Subscriber under the Capitalisation and Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements. The Subscriber and its associates will be required to abstain from voting on the resolution approving the Capitalisation and Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in relation to the Capitalisation and Subscription Agreement and the transactions contemplated thereunder. First Shanghai Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) details of the Capitalisation and Subscription Agreement; (ii) the recommendation from the Independent Board Committee; (iii) the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 21 February 2017.

THE CAPITALISATION AND SUBSCRIPTION AGREEMENT

The Board announces that on 27 January 2017 (after trading hours), the Company entered into the Capitalisation and Subscription Agreement with the Subscriber (an indirect wholly-owned subsidiary of Sino-Ocean Group), pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for up to a maximum of 597,230,534 new Convertible Preference Shares by way of capitalisation of the Shareholder's Loan and the related interest accrued thereon up to the Completion Date. The principal terms of the Capitalisation and Subscription Agreement are set out below:

Date: 27 January 2017

Parties: (a) the Company (as issuer); and
(b) Grand Beauty Management Limited (as subscriber).

Subject matter: Subject to the fulfilment of the conditions precedent as mentioned below, the Company will allot and issue up to a maximum of 597,230,534 new Convertible Preference Shares to the Subscriber at the Subscription Price of HK\$3.0 per Convertible Preference Share.

The consideration payable by the Subscriber for the subscription of the Convertible Preference Shares will be satisfied in full by capitalising the Shareholder's Loan in the principal amount of HK\$1,782,763,350 and the related interest accrued thereon up to the Completion Date.

The maximum number of Convertible Preference Shares that may be issued under the Capitalisation and Subscription Agreement is determined with reference to the sum of the outstanding principal amount of the Shareholder's Loan of approximately HK\$1,782,763,350 as at the Completion Date and the related interest accrued thereon up to the Long Stop Date of approximately HK\$8,928,251.

The actual number of Convertible Preference Shares to be allotted and issued by the Company on the Completion Date pursuant to the Capitalisation and Subscription Agreement shall be equivalent to the aggregate of the Shareholder's Loan and the related interest accrued thereon up to the Completion Date divided by the Subscription Price (round up to the nearest integral number of Convertible Preference Shares).

Subscription Price: HK\$3.0 per Convertible Preference Share, which was arrived at after arm's length negotiations between the Company and the Subscriber, having considered the prevailing market prices of the Ordinary Shares, the net asset value per Ordinary Share, and the Group's long-term business prospects and development.

The Subscription Price of HK\$3.0 per Convertible Preference Share represents:

- (a) a premium of approximately 237.1% over the closing price of HK\$0.890 per Ordinary Share as quoted on the Stock Exchange on 26 January 2017, being the last trading day of the Ordinary Shares immediately preceding the date of the Capitalisation and Subscription Agreement; and
- (b) a premium of approximately 240.1% over the average of the closing prices of approximately HK\$0.882 per Ordinary Share for the 5 consecutive trading days of the Ordinary Shares immediately preceding the date of the Capitalisation and Subscription Agreement.

Conditions precedent: Completion of the Capitalisation and Subscription Agreement is conditional upon the occurrence of the following by no later than the Long Stop Date (or such later date as may be agreed between the Company and the Subscriber):

- (a) the passing of an ordinary resolution by the Shareholders who are permitted to vote under the Listing Rules at a general meeting of the Company approving by way of a poll to approve the Capitalisation and Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Preference Shares and the issue of the Conversion Shares upon conversion of the relevant Convertible Preference Shares;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, all of the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares and such listing and permission remaining in full force and effect and not subsequently being revoked; and
- (c) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities (including the Stock Exchange) in Hong Kong, with respect to the Company, for the Capitalisation and Subscription Agreement and the transactions contemplated therein having been obtained and fulfilled.

If the conditions precedent of the Capitalisation and Subscription Agreement are not fulfilled by the Long Stop Date or such later date as may be agreed between the Company and the Subscriber, the Capitalisation and Subscription Agreement shall cease to have any force and effect, and the Subscriber and the Company shall be released from all rights and obligations relating to the Capitalisation and Subscription Agreement, save for any antecedent breach thereof.

Completion: Completion of the subscription of the Convertible Preference Shares shall take place on the fifth Business Day (or such other date and time as may be agreed by the Company and the Subscriber) following the satisfaction of the conditions precedent of the Capitalisation and Subscription Agreement.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Company will seek the grant of specific mandate from the Independent Shareholders at the EGM to allot and issue up to a maximum of 597,230,534 Convertible Preference Shares to the Subscriber and all the Conversion Shares issuable to the Converting Shareholders upon full conversion of the Convertible Preference Shares.

The estimated professional fees and other related expenses incurred incidental to the issue of the Convertible Preference Shares are approximately HK\$1.7 million in aggregate. Assuming 597,230,534 Convertible Preference Shares are allotted and issued, the estimated net price per Convertible Preference Share after deducting the related expenses is approximately HK\$2.997.

TERMS OF THE CONVERTIBLE PREFERENCE SHARES

The Convertible Preference Shares shall be in the same class as the Existing CPS and shall rank *pari passu* with each other and the Existing CPS in all respects including the rights in respect of capital, dividends and voting. The principal terms of the Convertible Preference Shares are set out below:

Conversion Rights: Subject to the restrictions on conversion as provided below, any Convertible Preference Shareholder may exercise the Conversion Right in respect of all or part (any conversion in part being in amounts of or integral multiples of 500,000 Convertible Preference Shares, and the aggregate Reference Amount of the relevant Convertible Preference Shares be not less than HK\$1,500,000) of the Convertible Preference Shares at any time commencing from 3:00 p.m. (Hong Kong time) on the first Business Day immediately after the end of a period of 5 years commencing from the issue date of the Convertible Preference Shares.

No conversion of the Convertible Preference Shares is allowed during the 5-year period commencing from the issue date of the Convertible Preference Shares.

Conversion Price: The initial conversion price at which each Ordinary Share will be issued upon exercise of the conversion rights attaching to the Convertible Preference Share is HK\$3.0.

The Conversion Price will be subject to adjustments for subdivision or consolidation of Ordinary Shares or issue of new Ordinary Shares pursuant to any bonus issue. The Conversion Price applicable to any subsequent conversion shall in the case of a sub-division or bonus issue be decreased or in the case of a consolidation be increased proportionally.

Save as provided above, no adjustment will be made to the Conversion Price as a result of any other changes to the share capital of the Company including, without limitation, any scrip dividend or other distribution, rights issue and other issue of shares, option to subscribe for or any other securities convertible into Ordinary Shares.

For the avoidance of doubt, the Converting Shareholder(s) is/are not required to pay any additional money upon conversion of the Convertible Preference Share(s) to Conversion Share(s), other than taxes and stamp, issue and registration duties (if any) arising on conversion.

Dividends:

Each Convertible Preference Share shall confer on the Convertible Preference Shareholder thereof the right to receive out of profits of the Company lawfully available for distribution and resolved by the Board to be distributed a non-cumulative floating preferential dividend at the floating rate per annum as ascertained below on the Reference Amount (the “**Dividends**”) *pari passu* with other shares ranking *pari passu* as regards income with the Convertible Preference Shares but otherwise in priority to any other class of shares in the capital of the Company from time to time in issue (including the Ordinary Shares):

- (a) in respect of the period from 1 January to 30 June of each year after 31 December 2014 (each “**First 6-Month Period**”), at the rate per annum equivalent to the annualised yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government (or if such bonds are not available at the relevant time, such other similar debt instrument with 10-year maturity issued by other governmental authority with similar credit rating as the Hong Kong Government at the relevant time as the Company may determine in its absolute discretion) (the “**Relevant Debt Instrument**”) as quoted or posted by Bloomberg (or if such rate for the Relevant Debt Instrument is not available from Bloomberg at the relevant time, such other reputed organisation, entity or institution as the Company may determine in its absolute discretion (the “**Alternative Entity**”)) as of 11:00 a.m. (Hong Kong time) on the first Business Day of the First 6-Month Period; and
- (b) in respect of the period from 1 July to 31 December of each year after 30 December 2014 (each “**Second 6-Month Period**”), at the rate per annum equivalent to the annualised yield-to-maturity rate of the Relevant Debt Instrument as posted by Bloomberg (or if such rate for the Relevant Debt Instrument is not available from Bloomberg at the relevant time, the Alternative Entity) as of 11:00 a.m. (Hong Kong time) on the first Business Day of the Second 6-Month Period.

Save for the above, the Convertible Preference Shares shall not entitle the Convertible Preference Shareholders thereof to any further or other right of participation in the profits of the Company.

The Dividends in respect of a given year (the “**Relevant Year**”) shall be (a) declared and paid only if the Company has profits lawfully available for distribution (taking account, for this purpose, of any other payments or distributions to be made at any time on or in respect of any other shares ranking *pari passu* as regards income with the Convertible Preference Shares) to justify the payment of the Dividends for the Relevant Year, and (b) reduced or extinguished in the following circumstances:

- (i) if the audited consolidated net profit after tax of the Group for the Relevant Year (the “**Audited Annual Profit**”) is less than the total amount of Dividends accrued on the Convertible Preference Shares in respect of the Relevant Year, the Dividend payable in respect of each Convertible Preference Share for the Relevant Year shall be reduced proportionally to the extent and intent that following such reduction, the aggregate amount of the Dividends for all the Convertible Preference Shares in respect of the Relevant Year shall be equivalent to the amount of the Audited Annual Profit (for this purpose, the aforesaid two figures shall be deemed equivalent if their difference is less than HK\$100,000); and
- (ii) if the Group records an audited consolidated loss (after tax) for the Relevant Year, no Dividends in respect of the Convertible Preference Shares for the Relevant Year shall be declared and paid by the Company.

In the event that no Dividends are paid in a Relevant Year or the amount of the Dividends for a Relevant Year are reduced or extinguished as provided above, the Dividends not paid and/or the amount of the Dividends so reduced shall be extinguished and not be carried forward.

Notwithstanding any of the above provisions, the Board may elect not to pay any Dividends in respect of any Relevant Year regardless of whether or not (a) the Company has sufficient distributable profits to cover the Dividends in respect of such Relevant Year or otherwise, or (b) the Audited Annual Profit is more than the total amount of Dividends accrued on the Convertible Preference Shares in respect of the Relevant Year. In determining whether the Company should pay the Dividends, the Board would take into account, among other things, the Group’s profitability, cash flow requirement and available cash resources (including bank balances and cash and short-term bank deposits), having regard to the support provided by Sino-Ocean Group to the Group. In the event that the Company elects not to pay the Dividends in respect of any Relevant Year, the Dividends not paid in respect of the Relevant Year shall be extinguished and not be carried forward.

**Conversion
Shares:**

The number of Conversion Shares to be issued on each conversion shall be determined by dividing the aggregate Reference Amount of the Convertible Preference Share(s) which is/are to be converted pursuant to a conversion notice by the Conversion Price applicable on the Conversion Date, provided that no fraction of an Ordinary Share arising on conversion shall be allotted. Based on the initial conversion price of HK\$3.0, each Convertible Preference Share shall be converted into one Conversion Share, and accordingly up to a maximum of 597,230,534 Conversion Shares are issuable upon full conversion of the Convertible Preference Shares, representing (a) approximately 132.43% of the Company's issued Ordinary Shares as at the date of this announcement; (b) approximately 56.98% of the Company's issued Ordinary Shares as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Preference Shares; and (c) approximately 25.43% of the Company's issued Ordinary Shares as enlarged by the allotment and issue of the Conversion Shares and the Ordinary Shares upon full conversion of all the Existing CPS (assuming that there are no other changes in the issued share capital of the Company).

The relevant Conversion Shares shall be credited as fully paid and rank *pari passu* in all respects with the Ordinary Shares then in issue save that they shall not entitle the holders to any dividend or other distribution declared, paid or made upon the Ordinary Shares prior to the relevant date (the “**Entry Date**”) on which the register of members of the Company is updated for such conversion, and provided that where a record date for any dividend or distribution made in relation to the Ordinary Shares is after the Entry Date but such record date is in respect of any distribution in respect of any financial period of the Company ended prior to such Entry Date, the holders of such Conversion Shares will not be entitled to such distribution.

**Restrictions on
conversion:**

No conversion shall take place if:

- (a) to the extent that following such exercise of the Conversion Rights, it will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Convertible Preference Shareholder exercising such Conversion Rights and parties acting in concert with it in relation to the securities of the Company; or
- (b) if immediately after such conversion, the public float of the Ordinary Shares falls below the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange.

- Capital:** On a return of capital on liquidation or otherwise (but not on conversion), the Convertible Preference Shares shall confer on the Convertible Preference Shareholders the right to be paid, in priority to any return of assets in respect of any other class of shares in the capital of the Company, *pari passu* as between themselves, an amount equal to the aggregate Reference Amount of the Convertible Preference Shares plus any accrued but unpaid Dividends. The Convertible Preference Shares shall not confer on the holders thereof any further or other right to participate in the assets of the Company.
- Non-redemption:** All Convertible Preference Shares are non-redeemable by the Company, and the Convertible Preference Shareholders shall have no right to request the Company to redeem any of the Convertible Preference Shares.
- Voting:** Convertible Preference Shareholders (in their capacity as such) will not be permitted to attend or vote at meetings of the Company, unless a resolution is proposed to vary the rights of the Convertible Preference Shareholders or a resolution is proposed for the winding up of the Company.
- Listing:** No application will be made for the listing of, and permission to deal in, the Convertible Preference Shares on the Stock Exchange or any other stock exchange.
- Transferability:** All Convertible Preference Shares are transferable, except where any Convertible Preference Share is intended to be transferred to a connected person of the Company (other than the associate of the transferring Convertible Preference Shareholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any).
- Undertaking by the Company:** Without the prior consent from the Convertible Preference Shareholders, the Company shall not, at any time during the period of five years commencing from the issue date of the Convertible Preference Shares, issue or agree to issue any new Ordinary Shares, whether for cash or for acquiring assets, at a price per Ordinary Share which is less than the then consolidated net asset value of the Company attributable to each Ordinary Share, which, for this purpose, shall be ascertained by dividing (a) the consolidated net asset value of the Company as of the date (the “**Relevant Date**”) to which the latest published consolidated financial statements of the Company (whether annual, interim or otherwise) were then made up, by (b) the total number of the Ordinary Shares in issue on the Relevant Date, provided that the above restriction shall not apply to:
- (a) an issue of Ordinary Shares upon the exercise of the Conversion Rights to convert the Convertible Preference Shares into Ordinary Shares; or
 - (b) a grant of share options, or an issue of new Ordinary Shares upon exercise of share options granted, under any share option scheme of the Company adopted for the benefits of the employees of the Group.

THE SHAREHOLDER’S LOAN

Pursuant to loan agreements entered into between the Company (as the borrower) and the Subscriber (as the lender), the Subscriber provided shareholder’s loan to the Company. The aggregate outstanding principal amount comprises (i) a loan in a principal amount of up to HK\$1,000,000,000 (the “**Loan A**”); (ii) a loan in a principal amount of up to US\$100,000,000 (the “**Loan B**”); and (iii) a loan in a principal amount of up to US\$125,000,000 (the “**Loan C**”). Set out below are the details of the Shareholder’s Loan:

	Maturity Date	Interest rate	Outstanding principal amount as at the date of this announcement
Loan A	6 August 2025	2.04% per annum	HK\$1,000,000,000
Loan B	16 February 2017 <i>(Note)</i>	2.04% per annum	US\$35,598,365 (equivalent to approximately HK\$276,095,576)
Loan C	6 December 2018	1.90% per annum	US\$125,000,000 (equivalent to approximately HK\$969,481,250)
Total			<hr/> <hr/> HK\$2,245,576,826

Note: The Company and the Subscriber intend to roll over Loan B upon its maturity date on 16 February 2017.

The Shareholder’s Loan in the amount of HK\$1,782,763,350 to be capitalised pursuant to the Capitalisation and Subscription Agreement represents the sum of the entire outstanding principal amount of Loan A (i.e. HK\$1,000,000,000) and Loan B (i.e. HK\$276,095,576) and part of the outstanding principal of Loan C in the amount of approximately HK\$506,667,774 (representing approximately 52% of the total outstanding principal amount of Loan C).

The amount of Shareholder’s Loan to be capitalised is determined based on the arm’s length negotiations between the Company and the Subscriber, having considered, among other things, the interest rate of the respective loans owed to the Subscriber and the internal resources available to the Group for the repayment of the loans in the near future. As Loan A and Loan B bear interest at the rate of 2.04% per annum which is higher than that of Loan C (i.e. 1.9% per annum), the capitalisation would enable the Company to reduce the interest expense to the maximum extent.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of all the Convertible Preference Shares; and (iii) immediately after the allotment and issue of all the Conversion Shares and the Ordinary Shares upon full conversion of all the Convertible Preference Shares and the Existing CPS (assuming there are no other changes in the issued share capital of the Company and disregarding the restriction on conversion of the Convertible Preference Shares and the Existing CPS in relation to the public float of the Ordinary Shares):

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately after full conversion of all the Convertible Preference Shares <i>(Note 1)</i>		(iii) Immediately after full conversion of all the Convertible Preference Shares and all the Existing CPS <i>(Notes 1 & 2)</i>	
	<i>Number of Ordinary Shares</i>	<i>Approximate %</i>	<i>Number of Ordinary Shares</i>	<i>Approximate %</i>	<i>Number of Ordinary Shares</i>	<i>Approximate %</i>
The Subscriber	312,504,625	69.29	909,735,159	86.79	2,209,735,159	94.10
Public Shareholders	138,485,375	30.71	138,485,375	13.21	138,485,375	5.90
Total	<u>450,990,000</u>	<u>100.00</u>	<u>1,048,220,534</u>	<u>100.00</u>	<u>2,348,220,534</u>	<u>100.00</u>

Notes:

- The above calculation only illustrates the maximum potential impact on the shareholding structure of the Company arising from the full conversion of all the Convertible Preference Shares and all the Existing CPS. Based on the current shareholding structure of the Company, a full conversion of the Convertible Preference Shares or the Existing CPS issued by the Company is currently not permissible under the terms of the Convertible Preference Shares and the Existing CPS which contain, among others, a restriction on conversion 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.
- As at the date of this announcement, there are 1.3 billion Existing CPS. The Existing CPS were issued by the Company to the Subscriber on 23 December 2014 and are convertible into 1.3 billion Ordinary Shares upon full conversion.

INFORMATION OF THE GROUP

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

INFORMATION OF THE SUBSCRIBER

The Subscriber is the controlling Shareholder and is directly interested in 312,504,625 Ordinary Shares, representing approximately 69.29% of the issued Ordinary Shares of the Company as at the date of this announcement. The Subscriber is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Sino-Ocean Group. The Subscriber is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE ISSUE OF CONVERTIBLE PREFERENCE SHARES

By entering into the Capitalisation and Subscription Agreement, the Company can settle part of the loans owed to the Subscriber without affecting the working capital of the Company. Upon issue of the Convertible Preference Shares, the Shareholder's Loan in the amount of approximately HK\$1,782,763,350 will be derecognised as the liability of the Company and the Convertible Preference Shares will be recognised as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Company. In addition, the Company can also save the interest expenses arising from the Shareholder's Loan. After Completion, the Board believes that the Company will be well positioned to seize market opportunities as they arise by presenting the strength of the Company to its stakeholders (including existing and potential business partners) and bring long term benefit to the Shareholders including the Subscriber. In light of this, the directors of the Company (excluding the independent non-executive directors whose view will be set out in the circular to be despatched by the Company after receiving the advice of the independent financial adviser) consider that the terms of the Capitalisation and Subscription Agreement are favourable to the Company rather than on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities in the past 12 months immediately before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

The Subscriber is the controlling Shareholder, and is therefore a connected person of the Company. The issue of the Convertible Preference Shares to the Subscriber under the Capitalisation and Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscriber and its associates will be required to abstain from voting on the resolution approving the Capitalisation and Subscription Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in relation to the Capitalisation and Subscription Agreement and the transactions contemplated thereunder. First Shanghai Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As Mr. Li Ming (Honorary Chairman and non-executive director of the Company), Mr. Sum Pui Ying (executive director and chief executive officer of the Company) and Mr. Li Hongbo (non-executive director of the Company) are directors of Sino-Ocean Group; and Mr. Li Ming and Mr. Sum Pui Ying are directors of the Subscriber, they were considered to have a potential material conflict of interests in the transactions contemplated under the Capitalisation and Subscription Agreement and had abstained from voting at the Board meeting which approved the Capitalisation and Subscription Agreement and the transactions contemplated thereunder. Save as aforesaid, none of the other directors of the Company had a material interest in the transactions contemplated under the Capitalisation and Subscription Agreement, and none of them was required to abstain from voting on the relevant Board resolution to approve the Capitalisation and Subscription Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) details of the Capitalisation and Subscription Agreement; (ii) the recommendation from the Independent Board Committee; (iii) the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 21 February 2017.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	means a day (excluding a Saturday) on which banks in Hong Kong are open for business in Hong Kong throughout their normal business hours
“Capitalisation and Subscription Agreement”	the conditional capitalisation and subscription agreement dated 27 January 2017 entered into between the Company and the Subscriber in relation to the capitalisation of the Shareholder’s Loan and related accrued interest pursuant to the terms of the Capitalisation and Subscription Agreement
“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: 174)

“Completion Date”	the date on which completion of the Capitalisation and Subscription Agreement takes place
“connected person”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Conversion Date”	12:00 noon on the Business Day immediately following the date of the surrender of the relevant certificate for the Convertible Preference Shares and delivery of the conversion notice therefor accompanied by other documents (if necessary) required under the terms for conversion of the Convertible Preference Shares
“Conversion Price”	the price at which each Ordinary Share is to be issued upon exercise of the Conversion Right, being HK\$3.0 (subject to adjustments)
“Conversion Right”	the right to convert any Convertible Preference Share into Ordinary Share
“Conversion Share(s)”	Ordinary Share(s) to be issued upon an exercise of the Conversion Rights
“Convertible Preference Shareholder(s)”	a person or persons who is or are registered in the register required to be maintained by the Company as a holder or joint-holders of the Convertible Preference Shares
“Convertible Preference Share(s)”	the non-voting convertible preference share(s) in the capital of the Company to be subscribed by the Subscriber under the Capitalisation and Subscription Agreement
“Converting Shareholder(s)”	Convertible Preference Shareholder(s), all or some of whose Convertible Preference Shares are being or have been converted
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Capitalisation and Subscription Agreement and the transactions contemplated thereunder, including the grant of specific mandate to issue the Convertible Preference Shares and the Conversion Shares
“Existing CPS”	the convertible preference shares of the Company in issue as at the date of the Capitalisation and Subscription Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive directors of the Company, namely Mr. Law Tze Lun, Mr. Lo Woon Bor, Henry and Mr. Deng Wei, which has been established by the Company to make recommendation to the Independent Shareholders in respect of the Capitalisation and Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Subscriber and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2017
“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, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reference Amount”	HK\$3.0, being the price at which each Convertible Preference Share was initially issued
“Shareholder’s Loan”	an aggregate outstanding principal amount of approximately HK\$1,782,763,350 owed by the Company to the Subscriber as at the Completion Date
“Shareholder(s)”	holder(s) of the Ordinary Share(s)
“Sino-Ocean Group”	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
“Subscriber”	Grand Beauty Management Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Sino-Ocean Group
“Subscription Price”	the issue price of HK\$3.0 per Convertible Preference Share payable by the Subscriber under the Capitalisation and Subscription Agreement

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“U.S.”	United States of America
“US\$”	United States dollars, the lawful currency of the U.S.
“%”	per cent.

For illustration purposes only, an exchange rate of US\$1 to HK\$7.75585 is used in this announcement. No representation is made that any amount in US\$ or HK\$ is or could have been or could be converted at such rate or at any other rate or at all.

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

Hong Kong, 27 January 2017

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
Ms. CUI Yueming	Mr. LI Hongbo	Mr. LO Woon Bor, Henry
Mr. LAI Kwok Hung, Alex		Mr. DENG Wei