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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

**PROPOSED CAPITAL REDUCTION INVOLVING
CANCELLATION OF CONVERTIBLE PREFERENCE SHARES
AND ELIMINATION OF ACCUMULATED LOSSES**

The Directors are pleased to announce that the Board has approved to put forward for approval by the Shareholders at the EGM a proposal to reorganise the capital structure of the Company which involves (i) the Capital Reduction in relation to the cancellation of approximately 470.7 million CPS held by Grand Beauty; and (ii) the elimination of the Accumulated Losses.

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

The EGM will be convened and held to consider and, if appropriate, approve the special resolution in relation to the Capital Reduction pursuant to the Companies Ordinance. A circular containing, among other things, details of the Capital Reduction and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

The Directors are pleased to announce that the Board has approved to put forward for approval by the Shareholders at the EGM a proposal to reorganise the capital structure of the Company which involves (i) the Capital Reduction in relation to the cancellation of approximately 470.7 million CPS held by Grand Beauty; and (ii) the elimination of the Accumulated Losses.

THE CAPITAL REDUCTION

As at the date of this announcement, the Company has 1.3 billion CPS in issue, all of which CPS were issued by the Company to Grand Beauty on 23 December 2014 at the total subscription price of HK\$3.9 billion. Details of the CPS are set out in the announcement of the Company dated 23 December 2014.

On 31 May 2017, Grand Beauty executed the Deed of Cancellation in favour of the Company pursuant to which Grand Beauty agreed the proposed implementation of the Capital Reduction involving the cancellation of approximately 470.7 million CPS (representing approximately 36.21% of all the CPS in issue as at the date of this announcement).

Based on the latest audited accounts of the Company, the Company had CPS reserves and Accumulated Losses of approximately HK\$3,898.7 million and HK\$1,228.2 million respectively as at 31 December 2016. Following completion of the Capital Reduction,

- (i) the credit in the amount of approximately HK\$1,412.0 million in the CPS reserve account of the Company arising from the Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and
- (ii) the credit in the amount of approximately HK\$1,412.0 million in the capital reduction reserve account of the Company shall be applied to set off against the Accumulated Losses which amounted to approximately HK\$1,228.2 million as at 31 December 2016. After the elimination of the Accumulated Losses, the balance remained in the capital reduction reserve account of the Company shall amount to approximately HK\$183.8 million, which shall be applied to set off against any future accumulated losses of the Company arising after 31 December 2016.

Conditions of the Capital Reduction

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

- (i) all the Directors making a solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and related matters;
- (iii) either (a) there being no application to the Court for cancellation of the special resolution by creditors or members of the Company within five weeks of the date of the special resolution to approve the Capital Reduction; or (b) if there is any such application, the Court making an order to confirm the special resolution;

- (iv) the publication of a notice of capital reduction in the Gazette and the newspapers in accordance with the Companies Ordinance;
- (v) the delivery to the Registrar for registration of the solvency statement in relation to the Capital Reduction in accordance with the Companies Ordinance; and
- (vi) the registration of the relevant documents with the Registrar within the prescribed timeframe in accordance with the Companies Ordinance.

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

Effects of the Capital Reduction

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction becomes effective, the effects of the Capital Reduction are as follows:

	As at the date of this announcement (Note 1)	Immediately after the Capital Reduction becomes effective (Note 1)
Number of Shares in issue	450,990,000	450,990,000
Number of CPS in issue	1,300,000,000	829,333,334
Issued share capital of the Company (Note 2)	HK\$184,880,997	HK\$184,880,997
CPS reserve of the Company (Note 2)	HK\$3,898,697,525	HK\$2,486,697,527
Capital reduction reserve of the Company	—	HK\$183,841,032
Accumulated Losses	HK\$1,228,158,966	—
Net assets of the Group (Note 3)	HK\$5,445,375,673	HK\$5,445,375,673
Net asset value per Share (basic) (Notes 3 & 4)	HK\$3.43	HK\$6.56
Net asset value per Share (fully diluted) (Notes 3 & 5)	HK\$3.11	HK\$4.25

Notes

- On 31 May 2017, the Company issued a 0.01% unsecured perpetual bond in an aggregate principal amount of approximately HK\$2,259.5 million to Grand Beauty, details of which are disclosed in a separate announcement of the Company dated 1 June 2017. The effects of such issue have been accounted for in the financial statements of the Group since 31 May 2017.
- These figures are based on the audited consolidated financial statements of the Group for the year ended 31 December 2016 and the assumption that there is no change in the issued share capital and CPS reserve of the Company from 31 December 2016 to the date of this announcement.

3. This figure is based on the net assets of the Group of approximately HK\$3,834.2 million as at 31 December 2016 in the audited consolidated financial statements of the Group for the year ended 31 December 2016 and adjusted for the effect of derecognition of the fair value of the shareholder's loan owed to Grand Beauty and related accrued interest amounting to approximately HK\$1,611.2 million as a result of the issue of the perpetual bond on 31 May 2017 as referred to in note 1 above.
4. The net asset value per Share (basic) is calculated based on the assumption that no CPS have been converted into new Shares. It represents the net assets attributable to the Shares before taking into account the new Shares that will be issued upon conversion of the CPS. As the proceeds from the issue of the CPS were credited to the CPS reserve of the Company which are not available for distribution to the Shareholders, the CPS reserve had been excluded for the purpose of calculating the net asset value per Share (basic).
5. The net asset value per Share (fully diluted) is calculated based on the assumption that all the outstanding CPS have been fully converted into new Shares. It represents the net assets attributable to the Shares after taking into account the new Shares that will be issued upon conversion of all the outstanding CPS in full. After the conversion, the credit standing in the CPS reserve account of the Company will be fully transferred and credited to the share capital of the Company.

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

REASONS FOR THE CAPITAL REDUCTION

As at 31 December 2016, being the date to which the latest audited accounts of the Company were drawn up, the Accumulated Losses amounted to approximately HK\$1,228.2 million. The Accumulated Losses were mainly attributable to the finance costs incurred on the shareholder's loans owed to Grand Beauty and the share of loss from a joint venture of the Company in which the entire interest was disposed of by the Company in June 2016. The Board proposed that the credit arising from the Capital Reduction will be partly applied to offset the entire Accumulated Losses of approximately HK\$1,228.2 million, with the remaining balance of such credit in an amount of approximately HK\$183.8 million will be transferred to a capital reduction reserve account, which shall be applied to set off against any future accumulated losses of the Company arising after 31 December 2016.

After the Capital Reduction, the Accumulated Losses will be fully eliminated and the Company will be eligible to make distributions to the Shareholders if retained earnings are to be generated in the future. The Directors expect that after the Capital Reduction, (i) the Company will have greater flexibility in making decisions on its dividend policy; (ii) the financial position of the Group will be improved and the Company may be in a position to negotiate for more favorable financing terms in the future; and (iii) the confidence of the potential investors and business partners in the prospects of the Group may be enhanced which allows the Company to negotiate for better commercial terms for future projects.

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

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

Further announcement(s) will be made by the Company informing the Shareholders of the progress of the Capital Reduction as and when appropriate.

GENERAL

The EGM will be convened and held to consider and, if appropriate, approve the special resolution in relation to the Capital Reduction pursuant to the Companies Ordinance. The voting at the EGM will be conducted by way of a poll.

A circular containing, among other things, details of the Capital Reduction and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Accumulated Losses”	the accumulated losses of the Company standing in the account of the Company as at 31 December 2016
“Board”	the board of Directors
“Capital Reduction”	the reduction of capital of the Company involving the cancellation of approximately 470.7 million CPS held by Grand Beauty
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Gemini Investments (Holdings) 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: 174)
“controlling shareholder”	has the meaning ascribed thereto in the Rules Governing the Listing of Securities on the Stock Exchange

“CPS”	the non-voting convertible preference shares in the capital of the Company allotted and issued by the Company to Grand Beauty on 23 December 2014
“Court”	the Court of First Instance of the High Court of Hong Kong
“Deed of Cancellation”	the deed of cancellation dated 31 May 2017 executed by Grand Beauty in favour of the Company to cancel approximately 470.7 million CPS held by Grand Beauty
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Capital Reduction
“Grand Beauty”	Grand Beauty Management Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of 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)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 1 June 2017

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

Executive Directors:

Mr. SUM Pui Ying
Ms. CUI Yueming
Mr. LAI Kwok Hung, Alex

Non-executive Directors:

Mr. LI Ming
Mr. LI Hongbo

Independent non-executive Directors:

Mr. LAW Tze Lun
Mr. LO Woon Bor, Henry
Mr. DENG Wei