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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)

**MAJOR TRANSACTION IN RELATION TO
ACQUISITION OF PROPERTY IN THE U.S.**

On 23 August 2016, the Assignor and the Vendor entered into the Property Agreement pursuant to which the Vendor conditionally agreed to sell and convey to the Assignor, and the Assignor conditionally agreed to purchase from the Vendor, the Property, including all of the right, title and interest of the Vendor as the landlord with respect to the Property's tenant leases and certain service contracts as specified in the Property Agreement, at the Consideration of US\$17.2 million (equivalent to approximately HK\$133.4 million).

After the Stock Exchange trading hours on 11 October 2016, the Assignor and the Assignee (an indirect wholly-owned subsidiary of the Company) entered into the Assignment Agreement pursuant to which the Assignor conditionally agreed to assign, and the Assignee conditionally agreed to assume, all of the rights, benefits, liabilities and obligations of the Assignor arising under the Property Agreement with respect to the Property. In addition to reimbursing the down payment already paid by the Assignor to the Vendor under the Property Agreement, the Assignee shall pay an acquisition fee of US\$175,000 (equivalent to approximately HK\$1.4 million) to the Assignor at Closing.

The Property is located in Durham, North Carolina, the U.S. and has convenient access to highway corridors which connect the Property to three of the region's primary economic centers. The Property has close proximity to some of the region's largest employers (e.g. Duke University), affluent residential neighbourhoods, charter schools and retail amenity base. The Property is a six-storey Class A office building with a rentable building area of 131,976 sq. ft. featured with red brick facade and glazed window lines. The Property has a two-storey atrium lobby, extensive balconies on the upper floors, outdoor courtyard and car parking spaces. As at the date of this announcement, occupancy rate for the Property is approximately 90%. Having considered the preliminary valuation by an independent professional valuer of the Property of US\$19 million (equivalent to approximately HK\$147.4 million) as at 31 July 2016, the value-added opportunity on the Property, and that the Property is located at a prime location in North Carolina with potential upside, the Directors consider the Consideration for the Property is fair and reasonable.

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to, among other things, the announcement requirement and the approval of the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Assignment Agreement and the Property Agreement and the transactions contemplated thereunder, and accordingly no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Assignment Agreement and the transactions contemplated thereunder. Grand Beauty, being the controlling Shareholder holding 312,504,625 Shares (representing approximately 69.29% of the issued Shares as at the date of this announcement), has given its written approval for the Assignment Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no physical Shareholders' meeting will be held by the Company for approving the Assignment Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the Assignment Agreement and the Property Agreement, financial information of the Group and the Property, valuation report with respect to the Property, and other information as required under the Listing Rules will be despatched by the Company to the Shareholders on or before 1 November 2016 in accordance with the Listing Rules.

On 23 August 2016, the Assignor and the Vendor entered into the Property Agreement pursuant to which the Vendor conditionally agreed to sell and convey to the Assignor, and the Assignor conditionally agreed to purchase from the Vendor, the Property, including all of the right, title and interest of the Vendor as the landlord with respect to the Property's tenant leases and certain service contracts as specified in the Property Agreement, at the Consideration of US\$17.2 million (equivalent to approximately HK\$133.4 million).

After the Stock Exchange trading hours on 11 October 2016, the Assignor and the Assignee (an indirect wholly-owned subsidiary of the Company) entered into the Assignment Agreement pursuant to which the Assignor conditionally agreed to assign, and the Assignee conditionally agreed to assume, all of the rights, benefits, liabilities and obligations of the Assignor arising under the Property Agreement with respect to the Property. In addition to reimbursing the down payment already paid by the Assignor to the Vendor under the Property Agreement, the Assignee shall pay an acquisition fee of US\$175,000 (equivalent to approximately HK\$1.4 million) to the Assignor at Closing.

Details of the Property Agreement and the Assignment Agreement are set out below:

THE PROPERTY AGREEMENT

Date

23 August 2016 (U.S. time)

Parties

- (i) DOF IV Southcourt, LLC (as vendor); and
- (ii) Gemini-Rosemont Realty LLC (as purchaser).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal activity of the Vendor is real estate investment holding; and the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Property Agreement, the Vendor conditionally agreed to sell and convey to the Assignor, and the Assignor conditionally agreed to purchase from the Vendor, the Property including all of the right, title and interest of the Vendor as the landlord with respect to the Property's tenant leases for the use, occupancy or possession of the Property and certain service contracts for the maintenance and management of the Property as specified in the Property Agreement.

Consideration

The Consideration for the Property is US\$17.2 million (equivalent to approximately HK\$133.4 million) (after taking into account certain adjustments made pursuant to the Property Agreement), which shall be payable by the Assignor to the Vendor in cash in the following manner:

- (i) as to US\$500,000 (equivalent to approximately HK\$3,878,000) within one Business Day after the full execution and delivery of the Property Agreement;
- (ii) as to US\$500,000 (equivalent to approximately HK\$3,878,000) within three Business Days after completion of the due diligence performed by the Assignor on the Property (together with item (i) above, referred to as "**Earnest Monies**"); and
- (iii) as to the remaining balance of US\$16,200,000 (equivalent to approximately HK\$125,660,000) (as adjusted by the amount of consideration paid for the extension of the date of Closing, if any, as described below), at Closing.

As at the date of this announcement, the Earnest Monies in the total sum of US\$1,000,000 (equivalent to approximately HK\$7,757,000) have been paid in cash by the Assignor to an escrow agent which will be released to the Vendor at Closing.

Under the Property Agreement, certain prorations and adjustments shall be made (as the case may be) for items including real estate taxes, utility charges for the Property including water, sewer, electric, gas, telephone, trash removal, garbage removal and cable or satellite television, all rents and other payments on account of financial obligations of tenants of the Property, refundable security deposits and other refundable tenant deposits, rent abatements or tenant concessions, termination fees paid by tenants, relevant amounts payable for the maintenance and management of the Property, and other items customarily prorated in connection with the purchase and sale of properties similar to the Property.

Conditions precedent of the Vendor to sell the Property

The Vendor's obligation to sell the Property in accordance with the Property Agreement is conditional upon the satisfaction or waiver of the following conditions on or prior to the dates specified below:

- (i) the Vendor shall not have received written notice of termination pursuant to the Assignor's right to so terminate as contained therein, details of which are set out below;
- (ii) on or before Closing, the Assignor shall have executed and delivered all of the closing documents as specified in the Property Agreement;
- (iii) on or before Closing, the Assignor shall have delivered the full amount of the Consideration (taking into account the Earnest Monies and all prorations, credits and adjustments made pursuant to the Property Agreement), together with any and all other sums that are to be paid by the Assignor at Closing pursuant to the Property Agreement;
- (iv) the representations and warranties made by the Assignor in the Property Agreement remaining true and correct in all material respects from the date of the Property Agreement up to the date of Closing; and
- (v) the Assignor shall have performed and complied in all respects with all covenants and obligations required to be performed by it as of the date of Closing and in accordance with the Property Agreement.

In the event that each and all of conditions mentioned above are not fully and completely satisfied or waived on or before the dates specified above, unless caused by a breach by the Vendor, the Vendor shall have the option to: (i) waive all or any of such conditions and proceed with Closing; or (ii) terminate the Vendor's obligation to sell the Property by written notice at or prior to Closing, whereupon the Vendor's obligation to sell and the Assignor's obligation to purchase the Property shall be deemed to be null and void and of no force or effect. In such case, neither the Vendor nor the Assignor shall have any further rights or obligations under the Property Agreement, except pursuant to such provisions in the Property Agreement which survive after the termination or

expiration thereof and the Assignor shall be entitled to a refund of the Earnest Monies unless the failure of any of the aforesaid conditions is caused by a breach in any material respect of any of the Assignor's representations, warranties, covenants or obligations set forth in the Property Agreement.

For the avoidance of doubt, the Assignee shall, upon signing of the Assignment Agreement, assume all of the rights, benefits, liabilities and obligations of the Assignor arising under the Property Agreement, including but not limited to the satisfaction or waiver of the conditions precedent on the part of the Assignor as set out above.

Conditions precedent of the Assignor to purchase the Property

The Assignor's obligation to purchase the Property in accordance with the Property Agreement is conditional upon the satisfaction or waiver of the following conditions on or prior to the dates specified below:

- (i) on or before Closing, the Vendor shall have executed and delivered all of the closing documents as specified in the Property Agreement;
- (ii) at least five days before Closing, the Vendor shall have delivered the required estoppel certificates from the tenants under the existing leases as specified in the Property Agreement which do not disclose any materially adverse matters with respect to existing leases;
- (iii) the representations and warranties made by the Vendor in the Property Agreement remaining true and correct in all material respects from the date of the Property Agreement up to the date of Closing; and
- (iv) the Vendor shall have performed and complied in all material respects with all covenants and obligations required to be performed by it under the Property Agreement as of the date of Closing.

In the event that the Assignor has notice of the failure of the aforesaid conditions, the Assignor shall notify the Vendor and the Vendor shall have 10 Business Days (the "**Cure Period**") after the giving of such notice within which to cure such failure and, if required, the date of Closing shall be extended to the next Business Day occurring after the Cure Period. In the event that each and all of the aforesaid conditions are not fully and completely satisfied or waived on or before the dates specified above or, if applicable, on the first Business Day occurring after the Cure Period, then unless the failure of those conditions is caused by a breach by the Assignor, the Assignor shall have the option to: (i) waive all or any of such conditions and proceed with Closing; or (ii) terminate the Assignor's obligation to purchase the Property by written notice at or prior to the date of Closing, whereupon the Assignor's obligation to purchase and the Vendor's obligation to sell the Property shall be deemed to be null and void and of no force or effect. In such case, neither the Vendor nor the Assignor shall have any further rights or obligations under the Property Agreement, except pursuant to such provisions in the Property Agreement which survive after the termination or expiration thereof and the Assignor shall be entitled to a refund of the Earnest Monies unless the failure of any of the aforesaid conditions to be satisfied is caused by a breach in any material respect of any of the Assignor's representations, warranties, covenants or obligations set forth in the Property Agreement.

For the avoidance of doubt, the Assignee shall, upon signing of the Assignment Agreement, assume the Assignor's obligation to purchase the Property in accordance with the Property Agreement upon satisfaction or waiver of the conditions precedent on the part of the Vendor as set out above.

Closing

Closing shall occur on the date that is 21 days after the date of the Reinstatement Agreement. The Assignor may extend the date of Closing to a date no later than 20 days following the original date of Closing by delivering (i) written notice to the Vendor of the Assignor's election to extend the date of Closing; and (ii) an additional deposit of US\$175,000 (equivalent to approximately HK\$1,357,000) to an escrow agent. The Vendor shall surrender possession of the Property to the Assignor on the date of Closing.

THE ASSIGNMENT AGREEMENT

Date

11 October 2016 (U.S. time)

Parties

- (i) Gemini-Rosemont Realty LLC (as assignor); and
- (ii) SouthCourt Operating LLC, an indirect wholly-owned subsidiary of the Company (as assignee).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Assignor is a well-established platform principally engaged in the ownership and/or management of investment portfolio which comprises various commercial properties across different states of the U.S.. The Group has a 45% membership interest in the Assignor which is accounted for as an investment in joint venture in the financial statements of the Group. Save as disclosed herein, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Assignor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Assignment Agreement, the Assignor conditionally agreed to assign, and the Assignee conditionally agreed to assume, all of the rights, benefits, liabilities and obligations of the Assignor arising under the Property Agreement with respect to the Property subject to the terms and conditions therein.

Reimbursement and acquisition fee

Pursuant to the Assignment Agreement, the Assignee (i) has reimbursed the Assignor the Earnest Monies in the total sum of US\$1,000,000 (equivalent to approximately HK\$7,757,000) upon signing of the Assignment Agreement; and (ii) shall pay to the Assignor an acquisition fee in the amount of US\$175,000 (equivalent to approximately HK\$1,357,000 and approximates 1% of the Consideration) upon Closing for the sourcing of the Property, performing due diligence on the Property and negotiating the terms with the Vendor on behalf of the Assignee. The aforesaid acquisition fee shall be in addition to the balance of the Consideration payable by the Assignee to the Vendor at Closing under the Property Agreement, which is determined after arm's length negotiations between the Assignee and the Assignor and is consistent with the U.S. prevailing practice.

Condition precedent

The Assignment Agreement shall be effective only upon the Assignee having obtained the requisite approval from the Shareholders in respect of the Assignment Agreement and the transactions contemplated thereunder in accordance with and as required by the Listing Rules. In the event that such approval from the Shareholders is not received by the Assignee on or before 27 October 2016 (U.S. time) (or such other date as agreed between the Assignee and the Assignor from time to time for the purpose of obtaining the necessary Shareholders' approval), then the Assignment Agreement shall be null and void. Since Grand Beauty, being the controlling Shareholder holding 312,504,625 Shares (representing approximately 69.29% of the issued Shares as at the date of the Assignment Agreement), has given its written approval for the Assignment Agreement and the transactions contemplated thereunder, the aforesaid condition has been fulfilled as at the date of the Assignment Agreement.

THE PROPERTY

The Property is located in Durham, North Carolina, the U.S. and has convenient access to highway corridors which connect the Property to three of the region's primary economic centers including downtown Durham, research triangle region and downtown Raleigh. The Property affords access to Duke University and The University of North Carolina at Chapel Hill (two of the nation's top research universities) and Raleigh-Durham International Airport, and has close proximity to some of the region's largest employers (e.g. Duke University), affluent residential neighbourhoods, charter schools and retail amenity base.

The Property is a six-storey Class A office building with a rentable building area of 131,976 sq. ft. featured with red brick facade and glazed window lines. The Property has a two-storey atrium lobby, extensive balconies on the upper floors, outdoor courtyard and car parking spaces with supermarkets and restaurants located nearby. Currently, the Property comprises 26 suites, of which 22 suites with total gross floor area of 116,908 sq. ft. have been leased to Independent Third Parties. The Company is exploring value-added proposals after Closing for the vacant area of the Property.

Having considered the preliminary valuation by an independent professional valuer of the Property of US\$19 million (equivalent to approximately HK\$147.4 million) as at 31 July 2016, the value-added opportunity on the Property, and that the Property is located at a prime location in North Carolina with potential upside, the Directors consider the Consideration for the Property is fair and reasonable.

Since the Property was acquired by the Vendor in June 2014, the Vendor could only provide the financial information in respect of the Property since 1 June 2014. Set out below is a summary of the unaudited rental income of the Property from 1 June 2014 to 31 December 2014 and for the year ended 31 December 2015:

	From 1 June 2014 to 31 December 2014 <i>US\$'000</i>	For the year ended 31 December 2015 <i>US\$'000</i>
Rental income	<u>851</u>	<u>1,443</u>

The estimated annual rental yield calculated based on the current rent roll and the Consideration is approximately 8%.

REASONS FOR THE ACQUISITION

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

The Directors are optimistic about the U.S. economy which remains on a moderate growth trajectory sustained by growth in gross domestic product, an improved labour market, robust consumption and increasing housing demand. In addition to the acquisition of retail and residential mixed property development in Manhattan, New York, the U.S. as disclosed in the announcement of the Company dated 27 May 2016, the Company has also strategically invested in a 45% membership interest in the Assignor (as disclosed in the announcements of the Company dated 31 December 2014 and 22 August 2015) which enables the Group to leverage on the sound expertise, solid experience and good relationship of the senior management team of the Assignor with an aim to capturing the growth in the U.S. property market and strengthening the Group's presence therein proactively.

The Directors are of the view that the Acquisition offers the Company an opportunity to acquire the Property and expand its property investment portfolio to North Carolina office property market. The Property is located at South Durham which is one of the most active and bustling retail areas in the Durham County and it has convenient access to the research triangle region where there are high technology companies, world class universities and medical research centers, leading pharmaceutical and biotechnology companies and financial services companies. In the recent years, the research triangle region has experienced upswing in job growth and the South Durham office property market has been displaying strong performance with steady increase in rental and occupancy rates. Demand for high quality office space in such area has been growing steadily and such growth is expected to continue. In addition, the Property is located at a prime location in North Carolina with panoramic view and equipped with a diversity of amenities. The Directors are of the view that the Acquisition is in line with the core business strategy of the Group and is expected to generate stable rental revenue and return and provide capital appreciation potential to the Group.

The Assignor has been assisting the Group in sourcing suitable investment opportunities in the U.S. property market. In respect of the Acquisition, the Assignor assists the Group in performing due diligence on the Property and negotiating the terms with the Vendor. The Company considers the arrangement under the Assignment Agreement (together with the Property Agreement) to be in the interests of the Company, as it enables the Company to acquire the Property in favourable terms under the competitive market. The Company also plans to engage the Assignor as the property and asset manager of the Property after Closing on prevailing commercial terms.

The Group intends to hold the Property as an investment property. The Consideration of US\$17.2 million and the acquisition fee of US\$175,000 in the aggregate amount of approximately US\$17.4 million is intended to be funded by internal resources of the Group.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is in line with the investment strategy of the Group and is in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the terms of the Assignment Agreement (together with the Property Agreement) are fair and reasonable.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules which is subject to, among other things, the announcement requirement and the approval of the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Assignment Agreement and the Property Agreement and the transactions contemplated thereunder, and accordingly no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Assignment Agreement and the transactions contemplated thereunder. Grand Beauty, being the controlling Shareholder holding 312,504,625 Shares (representing approximately 69.29% of the issued Shares as at the date of this announcement), has given its written approval for the Assignment Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a

general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no physical Shareholders' meeting will be held by the Company for approving the Assignment Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, details of the Assignment Agreement and the Property Agreement, financial information of the Group and the Property, valuation report with respect to the Property, and other information as required under the Listing Rules will be despatched by the Company to the Shareholders on or before 1 November 2016 in accordance with the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Property by the Assignee pursuant to the terms and conditions of the Assignment Agreement
“Assignee”	SouthCourt Operating LLC, an indirect wholly-owned subsidiary of the Company
“Assignment Agreement”	the assignment agreement dated 11 October 2016 (U.S. time) and entered into between the Assignor and the Assignee in relation to the assignment of the rights and obligations under the Property Agreement
“Assignor”	Gemini-Rosemont Realty LLC, a limited liability company incorporated under the laws of the State of Delaware, the U.S.
“Board”	the board of Directors
“Business Day”	any day which is not a Saturday, Sunday or federal or North Carolina or Hong Kong holiday
“Closing”	the closing of the acquisition of the Property pursuant to the terms and conditions of the Property Agreement
“Company”	Gemini Investments (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 174)
“Consideration”	the consideration of US\$17.2 million, after adjustment, (equivalent to approximately HK\$133.4 million) for the Property payable by the Assignor to the Vendor pursuant to the Property Agreement

“Director(s)”	director(s) of the Company
“Grand Beauty”	Grand Beauty Management Limited, an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited (the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3377))
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the office building located at 3211 Shannon Road, Durham, North Carolina, the U.S., including all personal property and the improvements located thereon and all of the right, title and interest of the Vendor as the landlord with respect to the Property’s tenant leases for the use, occupancy or possession of the Property and certain service contracts for the maintenance and management of the Property as specified in the Property Agreement
“Property Agreement”	the purchase and sale agreement dated 23 August 2016 (U.S. time), as amended by the first amendment dated 22 September 2016, the second amendment dated 26 September 2016 and the Reinstatement Agreement, entered into between the Vendor and the Assignor in relation to the sale and purchase of the Property
“Reinstatement Agreement”	the reinstatement and third amendment agreement to the Property Agreement dated 6 October 2016 (U.S. Time) entered into between the Assignor and the Vendor
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	DOF IV Southcourt, LLC, a limited liability company incorporated under the laws of the State of Delaware, the U.S.

“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.
“sq. ft.”	square feet
“%”	per cent.

Unless the context requires otherwise, amounts denominated in US\$ have been converted into HK\$ at an exchange rate of US\$1 to HK\$7.75677 for the purpose of illustration only. No representation is made that any amount in HK\$ or US\$ could have been or could be converted at the relevant dates at the above rate or at any other rates or at all.

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

Hong Kong, 11 October 2016

As at the date of this announcement, the Board comprises eight Directors 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