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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION OF CONVERTIBLE PREFERENCE SHARES

PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION OF THE CONVERTIBLE PREFERENCE SHARES

Reference is made to the announcements of the Company dated 1 June 2017 and 10 August 2017 in relation to the reduction of capital of the Company involving the cancellation of 470,666,666 Convertible Preference Shares held by Grand Beauty, and the announcement of the Company dated 28 January 2018 in relation to the proposed amendments to the terms of the Convertible Preference Shares. As disclosed in the announcement dated 28 January 2018, the effectiveness of the Proposed CPS Amendments is subject to compliance with section 180(4)(a) of the Companies Ordinance and the fulfilment of the conditions precedent in the Second Supplemental Deed.

On 26 January 2018, Grand Beauty executed a second deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the Proposed Capital Reduction involving the cancellation of 43,333,334 Convertible Preference Shares held by Grand Beauty (representing approximately 5.23% of all the Convertible Preference Shares in issue as at the date of this announcement).

The Proposed Capital Reduction is conditional upon, among other things, (i) the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Capital Reduction and related matters; and (ii) either (a) there being no application to the Court for cancellation of the special resolution by creditors or members of the Company within five weeks of the date of the special resolution to approve the Proposed Capital Reduction; or (b) if there is any such application, the Court making an order to confirm the special resolution. For the avoidance of doubt, the Proposed Capital Reduction and the Proposed CPS Amendments are not inter-conditional.

IMPLICATIONS UNDER THE LISTING RULES

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

GENERAL

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

A circular containing, among other things, details of the Proposed Capital Reduction and a notice to convene the EGM is expected to be despatched to the Shareholders on or before 20 February 2018.

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

PROPOSED CAPITAL REDUCTION

Reference is made to the announcements of the Company dated 1 June 2017 and 10 August 2017 in relation to the reduction of capital of the Company involving the cancellation of 470,666,666 Convertible Preference Shares held by Grand Beauty, and the announcement of the Company dated 28 January 2018 in relation to the proposed amendments to the terms of the Convertible Preference Shares. As disclosed in the announcement dated 28 January 2018, the effectiveness of the Proposed CPS Amendments is subject to compliance with section 180(4)(a) of the Companies Ordinance and the fulfilment of the conditions precedent in the Second Supplemental Deed.

As at the date of this announcement, the Company has 829,333,334 Convertible Preference Shares in issue, which were part of the 1,300,000,000 Convertible Preference Shares issued by the Company to Grand Beauty on 23 December 2014 at the total subscription price of HK\$3.9 billion (i.e. a subscription price of HK\$3 per Convertible Preference Share). As disclosed in the abovementioned announcements of the Company dated 1 June 2017 and 10 August 2017, on 31 May 2017, Grand Beauty executed a deed of cancellation in favour of the Company, pursuant to which 470,666,666 Convertible Preference Shares were effectively cancelled on 10 August 2017.

On 26 January 2018, Grand Beauty executed a second deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the Proposed Capital Reduction involving the cancellation of 43,333,334 Convertible Preference Shares (representing approximately 5.23% of all the Convertible Preference Shares in issue as at the date of this announcement).

Following the completion of the Proposed Capital Reduction,

- (i) the credit in the amount of HK\$130,000,002 in the Convertible Preference Shares reserve account of the Company arising from the Proposed Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and
- (ii) the credit in the amount of HK\$130,000,002 in the capital reduction reserve account of the Company shall be available to set off against any accumulated losses and/or to make distribution to its shareholders in the future when appropriate.

Conditions Precedent of the Proposed Capital Reduction

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

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

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

EFFECTS OF THE PROPOSED CAPITAL REDUCTION ON NET ASSETS AND RESERVE

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

	As at the date of this announcement	Immediately after the Proposed Capital Reduction becomes effective (assuming the Proposed CPS Amendments have not become effective)	Immediately after the Proposed Capital Reduction becomes effective (assuming the Proposed CPS Amendments have become effective)
Number of Ordinary Shares in issue	450,990,000	450,990,000	450,990,000
Number of Convertible Preference Shares in issue	829,333,334	786,000,000	786,000,000
Issued share capital of the Company (<i>Note 1</i>)	HK\$184,880,997	HK\$184,880,997	HK\$184,880,997
Convertible Preference Shares reserve of the Company (<i>Note 1</i>)	HK\$2,486,697,527	HK\$2,356,697,525	HK\$2,356,697,525
Capital reduction reserve of the Company (<i>Note 1</i>)	HK\$183,841,032	HK\$313,841,034	HK\$313,841,034
Net assets of the Group (<i>Note 2</i>)	HK\$5,416,405,000	HK\$5,416,405,000	HK\$5,416,405,000
Net asset value per Ordinary Share (basic) (<i>Note 3</i>)	HK\$6.50	HK\$6.78	HK\$6.78
Net asset value per Ordinary Share (fully diluted) (<i>Note 4</i>)	HK\$4.23	HK\$4.38	HK\$6.42

Notes

1. These figures are based on the announcement of the Company dated 1 June 2017 and the assumption that there is no change in the issued share capital, Convertible Preference Shares reserve and no offset of accumulated losses of the Company from 10 August 2017 (being the effective date of the previous capital reduction proposed on 1 June 2017) to the date of this announcement.
2. This figure is based on the net assets of the Group as at 30 June 2017 as set out in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2017.
3. The net asset value per Ordinary Share (basic) is calculated based on the net assets of the Group as at 30 June 2017 and on the assumption that no Convertible Preference Shares after the effective date of the previous capital reduction proposed on 1 June 2017 have been converted into new Ordinary Shares. It represents the net assets attributable to the Ordinary Shares before taking into account the new Ordinary Shares that will be issued upon conversion of the Convertible Preference Shares. The Convertible Preference Shares reserve of the Company are not available for distribution to the Shareholders and hence had been excluded for the purpose of calculating the net asset value per Ordinary Share (basic).

4. The net asset value per Ordinary Share (fully diluted) is calculated based on the net assets of the Group as at 30 June 2017 and on the assumption that all the outstanding Convertible Preference Shares after the effective date of the previous capital reduction proposed on 1 June 2017 have been fully converted into new Ordinary Shares. It represents the net assets attributable to the Ordinary Shares after taking into account the new Ordinary Shares that will be issued upon conversion of all the outstanding Convertible Preference Shares in full. After such conversion, the credit standing in the Convertible Preference Shares reserve account of the Company will be fully transferred and credited to the share capital of the Company.

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

REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL REDUCTION

The Board proposed that the credit arising from the Proposed Capital Reduction in an amount of HK\$130,000,002 shall be transferred to a capital reduction reserve account, which shall be available to offset against any accumulated losses of the Company and/or make distribution to its Shareholders in the future when appropriate. The Directors expect that upon the completion of the Proposed Capital Reduction, the financial position of the Company will be strengthened, the capital structure of the Company will be improved which will in turn improve the Company's general credit rating and hence enable the Company to negotiate for better financing terms in the future. Further, potential investors and business partners may have enhanced confidence in the prospects of the Company, which will allow the Company to negotiate for better commercial terms in future projects.

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

For the avoidance of doubt, the Proposed Capital Reduction and the Proposed CPS Amendments are not inter-conditional.

EFFECTS OF PROPOSED CAPITAL REDUCTION ON SHAREHOLDING STRUCTURE

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Proposed Capital Reduction (assuming full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$3 and assuming that the Proposed CPS Amendments have not become effective); and (iii) immediately after the allotment and issue of the Conversion Shares upon full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$6 (assuming that the Proposed CPS Amendments have become effective) and completion of the Proposed Capital Reduction. In the cases of (ii) and (iii) above, the restriction on conversion of the Convertible Preference Shares in relation to the

public float of the Ordinary Shares is disregarded, and it is assumed that there are no other changes in the issued share capital of the Company from the date of this announcement up to the date on which the Proposed Capital Reduction becomes effective:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Proposed Capital Reduction and full conversion of all the Convertible Preference Shares at Conversion Price of HK\$3 (i.e. assuming that the Proposed CPS Amendments have not become effective) <i>(Note 2) (Note 3)</i>		Immediately after completion of the Proposed Capital Reduction and full conversion of all the Convertible Preference Shares at Conversion Price of HK\$6 (i.e. assuming that the Proposed CPS Amendments have become effective) <i>(Note 2) (Note 4)</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>
	Grand Beauty <i>(Note 1)</i> Public Shareholders	312,504,625 138,485,375	69.29 30.71	1,098,504,625 138,485,375	88.80 11.20	705,504,625 138,485,375
Total:	450,990,000	100.00	1,236,990,000	100.00	843,990,000	100.00

Notes:

1. The 312,504,625 Ordinary Shares were beneficially owned by Grand Beauty.
2. The above calculation only illustrates the maximum potential impact on the shareholding structure of the Company arising from a full conversion of the Convertible Preference Shares. Based on the current shareholding structure of the Company, a full conversion of the Convertible Preference Shares is currently not permissible under the terms of the Convertible Preference Shares which contain, among others, a restriction on conversion of the Convertible Preference Shares if such conversion will result in the public float of the Ordinary Shares falling below the minimum public float requirements stipulated under the Listing Rules.
3. For illustrative purpose only, the shareholdings set out in the table above are based on the assumption that the Proposed CPS Amendments have not become effective and all the then outstanding Convertible Preference Shares have been converted in full at HK\$3, and assuming that there are no changes in the issued share capital of the Company other than those set out in the table above and in this note.
4. For illustrative purpose only, the shareholdings set out in the table above are based on the assumption that the Proposed CPS Amendments have become effective and all the then outstanding Convertible Preference Shares have been converted in full at HK\$6, and assuming that there are no changes in the issued share capital of the Company other than those set out in the table above and in this note.
5. The above calculations were based on percentages rounded up to the nearest 2 decimal places. As such, the rounding difference may cause a slight change in the actual shareholding.

INFORMATION OF THE GROUP

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

INFORMATION OF GRAND BEAUTY

Grand Beauty is the controlling shareholder of the Company and is directly interested in 312,504,625 Ordinary Shares, representing approximately 69.29% of the issued Ordinary Shares and is the owner of all the Convertible Preference Shares in issue as at the date of this announcement. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean Group, and Grand Beauty is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

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

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

GENERAL

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

A circular containing, among other things, details of the Proposed Capital Reduction and a notice to convene the EGM is expected to be despatched to the Shareholders on or before 20 February 2018.

As the Proposed Capital Reduction is subject to the fulfillment (or waiver) of the conditions set out in this announcement, it may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. At this stage, there can be no assurance that a dividend will be declared or paid in the future even

if the Proposed Capital Reduction has become effective. It should be noted that the dividend policy of the Company is subject to the financial performance, financial position, cash-flow position and/or reinvestment needs of the Company in the future.

DEFINITIONS

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

“Board”	board of Directors
“Company”	Gemini Investments (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the Ordinary Shares of which are listed on the Main Board of the Stock Exchange (stock code: 174)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Convertible Preference Share(s)”	the non-voting convertible preference share(s) in the capital of the Company allotted and issued by the Company to Grand Beauty on 23 December 2014
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Court”	means the Court of First Instance in the High Court of Hong Kong
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Proposed 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)”	the ordinary share(s) in the share capital of the Company

“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed CPS Amendments”	the proposed amendments to the terms of the Convertible Preference Shares pursuant to the Second Supplemental Deed, further details of which are set out in the announcement of the Company dated 28 January 2018 in relation thereto
“Proposed Capital Reduction”	the proposed reduction of capital of the Company involving the cancellation of 43,333,334 Convertible Preference Shares held by Grand Beauty
“Registrar”	the Registrar of Companies in Hong Kong
“Second Supplemental Deed”	the second supplemental deed dated 26 January 2018 entered into between the Company and Grand Beauty for amending certain terms of the Convertible Preference Shares
“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
“%”	per cent.

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

Hong Kong, 28 January 2018

As at the date of this announcement, the Directors 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