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If you have sold or transferred all your shares in **Gemini Investments (Holdings) Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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盛洋投资

Gemini Investments (Holdings) Limited

盛洋投資(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

- (1) CONNECTED TRANSACTION IN RELATION TO PROPOSED
AMENDMENTS OF THE TERMS OF THE CONVERTIBLE
PREFERENCE SHARES**
- (2) PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION
OF CONVERTIBLE PREFERENCE SHARES**
- (3) PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION
AND**
- (4) CLOSURE OF REGISTER OF MEMBERS**

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



FIRST SHANGHAI CAPITAL LIMITED
第一上海證券有限公司

A letter from the Board is set out on pages 6 to 23 of this circular.

A notice convening the EGM to be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Hong Kong on Wednesday, 28 March 2018 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

28 February 2018

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	24
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	26
APPENDIX I: AMENDMENTS TO THE ARTICLES TO INCORPORATE THE 2018 REVISED CPS TERMS	I-1
APPENDIX II: GENERAL INFORMATION	II-1
NOTICE OF EGM	EGM-1

DEFINITIONS

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

“2018 Revised CPS Terms”	has the meaning ascribed to it under the section headed “Proposed Amendments to the Terms of the Convertible Preference Shares — The Second Supplemental Deed” in the Letter from the Board contained in this circular
“Adjusted Convertible Preference Shares”	has the meaning ascribed to it under the section headed “Proposed Amendments to the Terms of the Convertible Preference Shares — The Second Supplemental Deed” in the Letter from the Board contained in this circular
“Amendments Effective Date”	the first day immediately after the expiry of 28 days after all of the Conditions having been fulfilled
“Articles”	the articles of association of the Company
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors
“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
“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)
“Conditions”	has the meaning ascribed to it under the section headed “Proposed Amendments to the Terms of the Convertible Preference Shares — The Second Supplemental Deed” in the Letter from the Board contained in this circular
“connected person”	has the meaning ascribed thereto in the Listing Rules

DEFINITIONS

“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Conversion Period”	the period during which the Convertible Preference Shareholder(s) can exercise its/their Conversion Rights pursuant to the Articles in force at the relevant time
“Conversion Price”	the price at which each Conversion Share is to be issued upon the exercise of the Conversion Right pursuant to the Articles in force at the relevant time
“Conversion Right”	the right to convert any Convertible Preference Share into Ordinary Share
“Conversion Share(s)”	Ordinary Share(s) to be issued upon the exercise of the Conversion Right
“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 allotted and issued by the Company to Grand Beauty on 23 December 2014
“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 CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, the proposed adoption of new Articles and the Proposed Capital Reduction
“Federal Reserve”	the US Board of Governors of the Federal Reserve System

DEFINITIONS

“Floating Rate”	has the meaning ascribed to it under the section headed “Proposed Amendments of the Terms of the Convertible Preference Shares — Reasons for and Benefits of the Proposed CPS Amendments” in the Letter from the Board contained in this circular
“Grand Beauty”	Grand Beauty Management Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Sino-Ocean
“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
“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive Directors, 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 Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles
“Independent Financial Adviser”	First Shanghai Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles
“Independent Shareholders”	Shareholders who are permitted to vote under the Listing Rules at the EGM to approve the Proposed CPS Amendments, the Second Supplemental Deed and transactions contemplated thereunder and the proposed adoption of new Articles, being Shareholders other than Grand Beauty and its associates

DEFINITIONS

“Last Trading Day”	26 January 2018, being the trading day immediately before the date of announcement of the Proposed CPS Amendments on 28 January 2018
“Latest Practicable Date”	21 February 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Issuance Adjustment”	has the meaning ascribed to it under the section headed “Proposed Amendments to the Terms of the Convertible Preference Shares — The Second Supplemental Deed” in the Letter from the Board contained in this circular
“Ordinary Share(s)”	the ordinary share(s) in the share capital of the Company
“Possible Fund Raising”	has the meaning ascribed to it under the section headed “Proposed Amendments to the Terms of the Convertible Preference Shares — Reasons and Benefits of the Proposed CPS Amendments” in the Letter from the Board contained in this circular
“PRC”	The People’s Republic of China which, for the purpose of this circular, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Capital Reduction”	has the meaning ascribed to it under the section headed “Proposed Capital Reduction” in the Letter from the Board contained in this circular
“Proposed CPS Amendments”	the proposed amendments to the terms of the Convertible Preference Shares pursuant to the Second Supplemental Deed
“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

DEFINITIONS

“Second Cancellation Deed”	the second deed of cancellation dated 26 January 2018 executed by Grand Beauty in favour of the Company for the implementation of the Proposed Capital Reduction involving the cancellation of 43,333,334 Convertible Preference Shares
“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”	Sino-Ocean Group Holding 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: 03377)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	United States of America
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. SUM Pui Ying (*Chief Executive Officer*)

Ms. CUI Yueming

Mr. LAI Kwok Hung, Alex

Non-executive Directors:

Mr. LI Ming (*Honorary Chairman*)

Mr. LI Hongbo

Independent non-executive Directors:

Mr. LAW Tze Lun

Mr. LO Woon Bor, Henry

Mr. DENG Wei

Registered office and principal

place of business in Hong Kong:

Room 3902, 39th Floor

Tower One, Lippo Centre

No. 89 Queensway

Hong Kong

28 February 2018

To the Shareholders

Dear Sir or Madam,

- (1) CONNECTED TRANSACTION IN RELATION TO PROPOSED
AMENDMENTS OF THE TERMS OF THE CONVERTIBLE
PREFERENCE SHARES**
- (2) PROPOSED CAPITAL REDUCTION INVOLVING CANCELLATION
OF CONVERTIBLE PREFERENCE SHARES**
- (3) PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION
AND**
- (4) CLOSURE OF REGISTER OF MEMBERS**

INTRODUCTION

The Company announced on 28 January 2018, among other things, that on 26 January 2018, the Company entered into the Second Supplemental Deed with Grand Beauty, pursuant to which the parties conditionally agreed to amend certain terms of

LETTER FROM THE BOARD

the Convertible Preference Shares, which include: (i) acceleration of the commencement of the Conversion Period such that it will commence from 3:00 p.m. (Hong Kong time) on the first Business Day immediately after the Amendments Effective Date (instead of commencing from the end of a five-year period from the issue date of the Convertible Preference Shares as originally contemplated); (ii) increase of the Conversion Price from HK\$3 to HK\$6 (subject to adjustments); and (iii) adjustment of the dividends payable on the Convertible Preference Shares from a non-cumulative floating rate per annum to a fixed rate of 3% per annum.

The Company further announced on 28 January 2018, among other things, that on 26 January 2018, Grand Beauty executed the Second Cancellation Deed 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 such announcement).

The Proposed Capital Reduction and the Proposed CPS Amendments are not inter-conditional.

The purpose of this circular is to provide you with, among other things, (i) details of the Proposed CPS Amendments and the Proposed Capital Reduction; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles; (iv) the summary of major changes introduced by the new Articles incorporating the 2018 Revised CPS Terms; and (v) the notice of EGM.

PROPOSED AMENDMENTS OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES

The Second Supplemental Deed

Reference is made to the joint announcement issued by the Company and Sino-Ocean dated 26 October 2014 and the Company's circular dated 27 November 2014 in relation to (among other matters) the issue of 1,300,000,000 Convertible Preference Shares by the Company to Grand Beauty, which was completed on 23 December 2014, and to the announcement of the Company dated 28 January 2018 in relation to (among other matters) the Proposed CPS Amendments. As at the Latest Practicable Date, the Company has 829,333,334 Convertible Preference Shares in issue, all of which are held by Grand Beauty.

On 26 January 2018 (after trading hours), the Company entered into the Second Supplemental Deed with Grand Beauty, pursuant to which the Company and Grand Beauty have conditionally agreed to amend certain terms of the Convertible Preference Shares.

LETTER FROM THE BOARD

The principal terms of the Second Supplemental Deed are set out below:

Date: 26 January 2018

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

Proposed CPS Amendments: The proposed amendments to the terms of the Convertible Preference Shares include:

- (i) the commencement of the Conversion Period shall be accelerated such that it will commence from 3:00 p.m. (Hong Kong time) on the first Business Day immediately after the Amendments Effective Date (instead of commencing from the end of the five-year period from the issue of the Convertible Preference Shares as originally contemplated) and will end at 4:00 p.m. (Hong Kong time) on the date (except the date where the register of Shareholders of the Company in Hong Kong is closed) of all Convertible Preference Shares being converted in full (or such earlier dates as may be required under applicable laws);
- (ii) (a) the initial Conversion Price shall be increased from HK\$3 to HK\$6, subject to the adjustments set out in the Articles; and
(b) the following shall be added as an additional adjustment event in respect of the Conversion Price (the “**New Issuance Adjustment**”): if the Company should issue, at any time on or before (and including) 30 June 2018, any new shares or convertible securities of the Company to any person other than a person who is a Convertible Preference Shareholder on the date of such new issuance (the “**New Issuance**”), the Conversion Price shall be reduced, concurrently with and effective from the completion of the New Issuance, to HK\$3, provided that: (i) such Conversion Price shall only be HK\$3 in respect of such number of Convertible Preference Shares (in such integral multiple) which will enable the Shareholder exercising such Conversion Right to

LETTER FROM THE BOARD

increase its shareholding to no less than, but closest to, its equity shareholding (excluding its shareholding in any Convertible Preference Shares) in the Company (taking into account of the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the Convertible Preference Shares) on an as converted and fully dilutive basis) immediately before completion of the New Issuance (the “**Adjusted Convertible Preference Shares**”); and (ii) the number of Adjusted Convertible Preference Shares shall not exceed 203,466,429; and

- (iii) the dividends payable on the Convertible Preference Shares in respect of the period from the first day immediately after the Amendments Effective Date to 31 December 2018 (both days inclusive) and in respect of the period from 1 January to 31 December each year after 31 December 2018 shall be adjusted from a non-cumulative floating rate per annum to a fixed rate of 3% per annum.

Save for the terms of the Convertible Preference Shares as revised by the Proposed CPS Amendments above (the “**2018 Revised CPS Terms**”), all other terms of the Convertible Preference Shares as set out in the joint announcement issued by the Company and Sino-Ocean dated 26 October 2014 and the Company’s circular dated 27 November 2014 in relation to (among other matters) the issue of 1,300,000,000 Convertible Preference Shares by the Company to Grand Beauty will remain unchanged.

Conditions
Precedent:

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 following conditions (the “**Conditions**”):

- (a) the passing of an ordinary resolution by the Shareholders who are permitted to vote under the Listing Rules at the EGM to approve the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder (including but not limited to the issue of Conversion Shares upon conversion of the relevant Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms);

LETTER FROM THE BOARD

- (b) the passing of a special resolution by the Shareholders who are permitted to vote under the Listing Rules at the EGM to approve the adoption of the new Articles or the amendments to the Articles to reflect the 2018 Revised CPS Terms;
- (c) the Listing Committee of the Stock Exchange having granted (and not having revoked) or agreeing to grant the listing of, and permission to deal in, the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms; and
- (d) 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 Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder having been obtained and fulfilled.

If any of the Conditions are not fulfilled by 30 June 2018 (or such later date as may be agreed between the Company and Grand Beauty), the Second Supplemental Deed shall cease to have any force and effect, and each of Grand Beauty and the Company shall be released from all rights and obligations relating to the Second Supplemental Deed, save for any antecedent breach thereof. As at the Latest Practicable Date, the Condition in (c) above has been fulfilled, whilst the remaining Conditions have not been fulfilled yet.

Effectiveness of the Proposed CPS Amendments: Pursuant to Section 180(4) of the Companies Ordinance, the Proposed Amendments shall take effect after the expiry of 28 days after all of the Conditions having been fulfilled.

LETTER FROM THE BOARD

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, the listing of, and permission to deal in, the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms. No application for the listing of, and permission to deal in, the Conversion Shares on any stock exchanges other than the Stock Exchange has been or will be made by the Company.

Conversion Price

The proposed amended Conversion Price of HK\$6 is determined with reference to the net asset value per Share of HK\$6.56 immediately after the Previous Capital Reduction having become effective on 10 August 2017 and calculated based on the assumption that no Convertible Preference Shares have been converted into new Ordinary Shares during the period from 10 August 2017 up to and including the Latest Practicable Date.

The proposed amended Conversion Price of HK\$6 represents:

- (i) a premium of approximately 413% over the closing price of HK\$1.17 per Share on the Last Trading Day;
- (ii) a premium of approximately 420% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$1.16 per Share;
- (iii) a premium of approximately 413% over the closing price of the Shares as at the Latest Practicable Date; and
- (iv) a discount of approximately 12% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$6.42 per Share (based on the total number of issued Ordinary Shares as at the Latest Practicable Date) as at 30 June 2017, being the date to which the latest published unaudited financial results of the Group were made up, assuming immediately after the Proposed Capital Reduction and Proposed CPS Amendments becomes effective.

LETTER FROM THE BOARD

Reasons for and Benefits of the Proposed CPS Amendments

The existing dividend payable on the Convertible Preference Shares is by reference to a floating rate, being the annualized yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government (the “**Floating Rate**”). Although the current Floating Rate is lower than 3.0%, given that the domestic interest rates in Hong Kong are substantially influenced by interest rates in the US, and that the US Federal Reserve has increased interest rates in 2017 with more predicted increases to follow in 2018, the market anticipates that interest rates will continue to hike in the coming years, which increases the possibility that the Floating Rate may rise to over 3% per annum in the future. Under such backdrop, in order to lower the Company’s risk exposure to external interest rate fluctuation so as to better facilitate the Company’s internal assessment of investment appraisals and commercial decisions, the Company considers that adjusting the dividend rate to a fixed rate of 3% per annum, so that the dividend rate on the Convertible Preference Shares would no longer be affected by external interest rates locally or globally, is fair and reasonable and in the interest of the Company and Shareholders as a whole.

The Proposed CPS Amendments are commercial terms agreeable by Grand Beauty and the Company which are a result of arm’s-length negotiations between them. The upward adjustment of the Conversion Price from HK\$3 to HK\$6 indicates strong confidence of Sino-Ocean, the controlling shareholder of the Company and the sole shareholder of Grand Beauty, in the Company’s business strategies, development potential and long term prospects. The increased Conversion Price represents a premium of approximately 413% over the closing price of the Ordinary Shares on the trading day immediately before the Latest Practicable Date. Such positive message is expected to enhance the confidence of Shareholders, the Company’s business partners and potential investors, which will benefit the Company’s future business development. Being the controlling shareholder of the Company, the further expansion and growth of the Company’s business will in turn generate positive benefit and create value in the medium to long term for Grand Beauty.

The Company notes that the trading volume of its Ordinary Shares has been kept at a low level, therefore the Company has been actively exploring means that can broaden its capital base, increase the trading volume of its shares and improve its capital structure, including a possible one-off fund raising exercise with a size within the available general mandate of the Company (the “**Possible Fund Raising**”) and the Proposed Capital Reduction. After arm’s-length negotiations with Grand Beauty, the Company considers it fair and reasonable that in ensuring the Proposed CPS Amendments are acceptable to Grand Beauty, the shareholding of Grand Beauty in the Company should not be diluted by the Possible Fund Raising whilst it is bearing an increase in Conversion Price to HK\$6 at the same time, hence the Company considers that Grand Beauty should be allowed to convert its Convertible Preference Shares at the current Conversion Price of HK\$3 if the Company conducts the Possible Fund Raising within a short period (which is anticipated to

LETTER FROM THE BOARD

be no later than 30 June 2018) for the sole purpose of, and only to the extent required for, maintaining Grand Beauty's current level of shareholding in the Company. A maximum of 203,466,429 Adjusted Convertible Preference Shares are required in order to enable Grand Beauty to maintain its current level of shareholding in the Company after the Possible Fund Raising, on the assumptions that: (i) the Company will issue the maximum number of Ordinary Shares permitted by its general mandate under the Possible Fund Raising; and (ii) there is no other change in the total issued share capital of the Company during the period between the Latest Practicable Date and immediately before the completion of the Possible Fund Raising. In order to enable Grand Beauty to exercise the New Issuance Adjustment, the Company has agreed to accelerate the commencement of the Conversion Period to the Amendments Effective Date, given that without such amendment, Grand Beauty would not be able to convert any of its Convertible Preference Shares until around late 2019.

The Company considers that the New Issuance Adjustment described above, which allows Sino-Ocean to maintain its current level of shareholding in the Company in the event of the Possible Fund Raising, further conveys a positive message that Sino-Ocean has confidence in, and continues to support the Company in its long-term business development and strategies.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company will make further announcement(s) in relation to the Possible Fund Raising (if to be proceeded with) when appropriate in accordance with the requirements of the Listing Rules.

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 Latest Practicable Date.

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 announcements of the Company dated 28 January 2018 in relation to the Proposed CPS Amendments and the Proposed Capital Reduction.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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 (the “**Previous Capital Reduction**”).

On 26 January 2018, Grand Beauty executed the Second Cancellation Deed 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 Latest Practicable Date).

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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

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. Depending on the timing required to complete the relevant registration procedures under the Companies Ordinance, the Proposed Capital Reduction may become effective before or after the Proposed CPS Amendments becoming effective. The Company will update its Shareholders regarding the effective date of the Proposed Capital Reduction by way of announcement in compliance with the Listing Rules as and when required.

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 Latest Practicable Date 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 Latest Practicable Date	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

LETTER FROM THE BOARD

	As at the Latest Practicable Date	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)
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) to the Latest Practicable Date.
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 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).

LETTER FROM THE BOARD

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 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 (including the independent non-executive 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.

LETTER FROM THE BOARD

EFFECTS OF PROPOSED CPS AMENDMENTS AND PROPOSED CAPITAL REDUCTION ON SHAREHOLDING STRUCTURE

For illustrative purpose only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) 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, whilst the Proposed Capital Reduction has not become effective); (iii) immediately after completion of the Proposed Capital Reduction (assuming full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$3, i.e. assuming that the Proposed CPS Amendments have not become effective); (iv) 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; and (v) immediately after completion of the Possible Fund Raising, completion of the Proposed Capital Reduction and full conversion of all the Convertible Preference Shares at the Conversion Price of HK\$6, save for the Relevant Convertible Preference Shares which are converted at HK\$3 pursuant to the New Issuance Adjustment (i.e. assuming that the Proposed CPS Amendments have become effective). In the cases of (ii) to (v), 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 Latest Practicable Date up to the date on which the Proposed Capital Reduction becomes effective:

LETTER FROM THE BOARD

Names of Shareholder	As at the Latest Practicable Date		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 but the Proposed Capital Reduction has not become effective)		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)		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)		Immediately after completion of the Possible Fund Raising, completion of the Proposed Capital Reduction and full conversion of all the Convertible Preference Shares at Conversion Price of HK\$6, save for the Relevant Convertible Preference Shares which are converted at HK\$3 pursuant to the New Issuance Adjustment (i.e. assuming that the Proposed CPS Amendments have become effective)	
	Number of Ordinary Shares	Approximate %	Number of Ordinary Shares	Approximate %	Number of Ordinary Shares	Approximate %	Number of Ordinary Shares	Approximate %	Number of Ordinary Shares	Approximate %
	(Note 1)	(Note 2) (Note 4)	(Note 2) (Note 3)	(Note 2) (Note 4)	(Note 2) (Note 5)	(Note 2) (Note 6)	(Note 2) (Note 5)	(Note 2) (Note 6)		
Grand Beauty (Note 1)	312,504,625	69.29	727,171,292	84.00	1,098,504,625	88.80	705,504,625	83.59	807,237,839	77.92
Public Shareholders	138,485,375	30.71	138,485,375	16.00	138,485,375	11.20	138,485,375	16.41	228,683,375	22.08
Total:	450,990,000	100.00	865,656,667	100.00	1,236,990,000	100.00	843,990,000	100.00	1,035,921,214	100.00

Notes:

- The 312,504,625 Ordinary Shares were beneficially owned by Grand Beauty.
- 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.
- 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.
- 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.

LETTER FROM THE BOARD

5. For illustrative purpose only, the shareholdings set out in the table above are based on the assumption that all the then outstanding Convertible Preference Shares have been converted in full at HK\$6 (save for the Relevant Convertible Preference Shares which are converted at HK\$3 pursuant to the New Issuance Adjustment), and assuming that there are no other changes in the issued share capital of the Company other than those set out in the table above and in this note.
6. Assuming that the Company will issue the maximum number of Ordinary Shares permitted under its general mandate pursuant to the Possible Fund Raising, being 203,466,429 Ordinary Shares, and that there is no other change in the issued share capital of the Company other than those set out in the table above and in this note.
7. 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.

PROPOSED ADOPTION OF NEW ARTICLES

The Board proposes that new Articles shall be adopted to incorporate the 2018 Revised CPS Terms. The adoption of new Articles is subject to the approval of the Shareholders who are permitted to vote under the Listing Rules at the EGM by way of a special resolution. Further details in relation to the proposed adoption of new Articles are set out in Appendix I to this circular.

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 Latest Practicable Date. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean, and Grand Beauty is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

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 as at the Latest Practicable Date. Grand Beauty is therefore a connected person of the Company under the Listing Rules. The entering into of the Second Supplemental Deed constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and independent shareholders'

LETTER FROM THE BOARD

approval requirements under Chapter 14A of the Listing Rules. Grand Beauty and its associates will be required to abstain from voting in respect of the resolutions approving the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders as to whether the terms of the Proposed CPS Amendments, the Second Supplemental Deed and transactions contemplated thereunder, and the proposed adoption of new Articles are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. First Shanghai Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

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, 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 CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, the proposed adoption of new Articles and 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 CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, the proposed adoption of new Articles and the Proposed Capital Reduction, and none of them was required to abstain from voting on the relevant Board resolutions approving the same.

EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to procedure or administrative matter to be voted by a show of hands, any vote of Shareholders at general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for the resolution put to the vote of the EGM in accordance with the Articles of Association. An explanation of the procedures of conducting a poll is provided in the notes to the notice of the EGM and details will be conveyed to the Shareholders at the EGM. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.geminiinvestments.com.hk) after the EGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee on pages 24 to 25 of this circular after taking into account the advice of the Independent Financial Adviser) consider that the connected transaction in relation to the Proposed CPS Amendments is not conducted in the ordinary and usual course of business of the Group on the basis that it shall be regarded as a corporate financing activity, instead of a usual operating activity, of the Group; but the terms of the Proposed CPS Amendments, the Second Supplemental Deed and transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee on pages 24 to 25 of this circular after taking into account the advice of the Independent Financial Adviser) consider that the proposed adoption of new Articles is necessary to incorporate the 2018 Revised CPS Terms, and is therefore in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the special resolution to be proposed at the EGM to approve the adoption of the new Articles.

For the reasons set out in the section headed “Proposed Capital Reduction — Reasons for and Benefits of the Proposed Capital Reduction” in this letter, the Directors are of the view that the Capital Reduction is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the special resolution to approve the Capital Reduction and related matters at the EGM.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 23 March 2018 to Wednesday, 28 March 2018 (both days inclusive), during which period no transfer of Ordinary Shares will be registered. In order to qualify for attending and voting at the EGM, all relevant transfer documents of Ordinary Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Thursday, 22 March 2018 for registration.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM and the letter from the Independent Financial Adviser set out on pages 26 to 48 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of the new Articles.

Your attention is also drawn to the additional information set out in the appendices to this circular.

As the Proposed CPS Amendments and the Proposed Capital Reduction are subject to the fulfillment (or waiver) of the conditions as set out in this circular, they 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.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of the new Articles.



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)

28 February 2018

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO PROPOSED AMENDMENTS OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES

We refer to the circular of the Company dated 28 February 2018 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles, to advise you as to whether the Second Supplemental Deed was entered into in the ordinary and usual course of business of the Group and whether the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to recommend whether or not the Independent Shareholders should approve the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles. First Shanghai Capital Limited has been appointed as the independent financial adviser to advise us and you in this regard.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board set out on pages 6 to 23 of the Circular and the letter from the Independent Financial Adviser set out on pages 26 to 48 of the Circular which contains its advice to us and the Independent Shareholders in respect of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder and the proposed adoption of new Articles; and the additional information set out in the appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the recommendation of, the Independent Financial Adviser as stated in its letter of advice, we consider that the connected transaction involving the Proposed CPS Amendments pursuant to the Second Supplemental Deed and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group on the basis that it shall be regarded as corporate financing activity instead of a usual operating activity; while the terms thereof are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Further, we consider that the proposed adoption of new Articles is necessary to incorporate the 2018 Revised CPS Terms, and is therefore in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder (including the allotment and issue of the Conversion Shares), and the proposed adoption of the new Articles.

Yours faithfully,

Independent Board Committee

Mr. LAW Tze Lun

Mr. LO Woon Bor, Henry

Mr. DENG Wei

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the connected transaction in relation to the Proposed CPS Amendments of the terms of the Convertible Preference Shares pursuant to the Second Supplemental Deed, for the purpose of inclusion in the Circular.



19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

28 February 2018

*To the Independent Board Committee and
the Independent Shareholders*

Gemini Investments (Holdings) Limited
Room 3902, 39th Floor
Tower One, Lippo Centre
No. 89 Queensway
Admiralty
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO PROPOSED AMENDMENTS OF THE TERMS OF THE CONVERTIBLE PREFERENCE SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed CPS Amendments of the terms of the Convertible Preference Shares pursuant to the Second Supplemental Deed. Details of the Proposed CPS Amendments are set out in the “Letter from the Board” contained in the circular dated 28 February 2018 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the joint announcement issued by the Company and Sino-Ocean Group dated 26 October 2014 and the Company's circular dated 27 November 2014 in relation to (among other matters) the issue of 1,300,000,000 Convertible Preference Shares by the Company to Grand Beauty which was completed on 23 December 2014.

On 26 January 2018, the Company entered into the Second Supplemental Deed with Grand Beauty, pursuant to which the parties conditionally agreed to amend certain terms of the Convertible Preference Shares, which include:

- (i) acceleration of the commencement of the Conversion Period such that it will commence from to 3:00 p.m. (Hong Kong time) on the first Business Day immediately after the Amendments Effective Date (instead of commencing from the end of a five-year period from the issue date of the Convertible Preference Shares as originally contemplated);
- (ii) increase of the Conversion Price from HK\$3.0 to HK\$6.0 (subject to adjustments); and
- (iii) adjustment of the dividends payable on the Convertible Preference Shares from a non-cumulative floating rate per annum to a fixed rate of 3.0% per annum.

The effectiveness of the Proposed CPS Amendments is subject to compliance with section 180(4)(a) of the Companies Ordinance and is conditional upon, among other things, (i) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve, among other things, the Proposed CPS Amendments; (ii) the passing of a special resolution by the Independent Shareholders at the EGM to approve the adoption of new Articles or amendments to the Articles to reflect the 2018 Revised CPS Terms; and (iii) listing approval for the Conversion Shares.

Pursuant to Section 180(4) of the Companies Ordinance, the Proposed CPS Amendments shall take effect after the expiry of 28 days after all of the Conditions have been fulfilled. Save for the terms of the Convertible Preference Shares as revised by the Proposed CPS Amendments, all other terms of the Convertible Preference Shares will remain unchanged.

In addition, 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 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 Latest Practicable Date).

The Proposed CPS Amendments and the Proposed Capital Reduction are not inter-conditional.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IMPLICATIONS UNDER THE LISTING RULES

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 of the Company as at the Latest Practicable Date. Grand Beauty is therefore a connected person of the Company under the Listing Rules. The entering into of the Second Supplemental Deed 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 EGM will be convened and held to consider and, if appropriate, approve the ordinary resolutions in relation to the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the special resolutions in relation to the proposed adoption of new Articles pursuant to the Companies Ordinance. The voting at the EGM will be conducted by way of a poll.

Grand Beauty and its associates will be required to abstain from voting in respect of the resolutions approving the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Mr. DENG Wei, has been established by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Second Supplemental Deed (including the allotment and issue of the Conversion Shares) and the transactions contemplated thereunder, and whether the terms of which are in the interests of the Company and the Shareholders as a whole.

As the independent financial adviser, we have been appointed to advise the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Proposed CPS Amendments are on normal commercial terms or better and conducted in the ordinary and usual course of business of the Group; (ii) whether or not the Proposed CPS Amendments are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in relation to the resolutions for approving the Proposed CPS Amendments to be contemplated under the Second Supplemental Deed (including the allotment and issue of the Conversion Shares) and the proposed adoption of new Articles at the forthcoming EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the Management, for which they are solely responsible for, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular while the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstances which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations while the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group.

Independent Shareholders should note that, within the past two years from the Latest Practicable Date, we were engaged as the independent financial adviser by the Company for one occasion, which, originally, was relating the provision of independent financial advice to the then Independent Board Committee and Independent Shareholders for the proposed capitalisation of shareholder’s loan and issue of convertible preference shares, as detailed in the announcement of the Company dated 27 January 2017, but which was lapsed by 31 May 2017 and had not been further proceeded with because certain conditions thereon had not been fulfilled.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given (i) our independent role in that previous engagement; (ii) none of the members of our parent group is a direct party to the Capitalisation and Subscription Agreement (as defined thereunder) under that previous engagement; and (iii) our fees for this present engagement in addition to that previous engagement represented an insignificant percentage of revenue of our parent group, we consider that the previous engagement would not affect our independence to form our opinion in respect of the Proposed CPS Amendments to be contemplated under the Second Supplemental Deed (including the allotment and issue of the Conversion Shares).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Proposed CPS Amendments pursuant to the Second Supplemental Deed, the transactions contemplated thereunder (including the allotment and issue of the Conversion Shares), and the proposed adoption of new Articles, we have considered the following principal factors and reasons:

1. Background of the Group

The Company is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 174). 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.

As disclosed in the interim report of the Company for the six months ended 30 June 2017 (the “**Interim Report**”), with an aim to proactively address the non-cash accumulated losses and significant finance costs on the shareholder’s loan provided by Grand Beauty, being the controlling Shareholder, the Group has been actively seeking for ways to improve its financial position and optimise its capital structure so as to secure a good position to seize business opportunities. Accordingly, in order to enhance the debt to equity ratio and improve the financing and capital structure of the Company, in May 2017, the Company (i) entered into a subscription agreement with Grand Beauty to issue unsecured perpetual bond in an aggregate principal amount of approximately HK\$2,259.5 million, with the consideration payable by Grand Beauty to be satisfied by setting off against the entire outstanding principal amount of the shareholder’s loan provided by Grand Beauty and related interests accrued thereon as at 31 May 2017; and (ii) executed a deed of cancellation with Grand Beauty pursuant to which Grand Beauty agreed to the Previous Capital Reduction involving the cancellation of around 470.7 million Convertible Preference Shares held by Grand Beauty. Upon completion of the Previous Capital Reduction, the number of the outstanding Convertible Preference Shares held by Grand Beauty will be reduced from 1.3 billion to approximately 829.3 million. The Previous Capital Reduction was effective on 10 August 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Following the issue of the perpetual bond and the Previous Capital Reduction, the Directors expected that (i) the Company will have greater flexibility in making decisions on its dividend policy; (ii) the Group's financial position will be improved and the Company may be in a position to negotiate for more favourable financing terms in the future; and (iii) the confidence of the potential investors and business partners in the prospects of the Group will be enhanced which allows it to negotiate for better commercial terms for future projects.

2. Background of Grand Beauty

Grand Beauty is the controlling Shareholder and is directly interested in 312,504,625 Ordinary Shares, representing approximately 69.29% of the issued Ordinary Shares as at the Latest Practicable Date.

Grand Beauty is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Sino-Ocean Group. Grand Beauty is principally engaged in investment holding.

Sino-Ocean Group is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3377).

3. Reasons for and benefits of the Proposed CPS Amendments

As disclosed in the "Letter from the Board" of the Circular, the existing dividend payable on the Convertible Preference Shares is by reference to a floating rate, being the annualized yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government (the "**10-years HKGB**") (the "**Floating Rate**"). Although the current Floating Rate is lower than 3.0%, given that the domestic interest rates in Hong Kong are substantially influenced by interest rates in the US, and that the US Federal Reserve has increased interest rates in 2017 with more predicted increases to follow in 2018, the market anticipates that interest rates will continue to hike in the coming years, which increases the possibility that the Floating Rate may rise to over 3% per annum in the future. Under such backdrop, in order to lower the Company's risk exposure to external interest rate fluctuation so as to better facilitate the Company's internal assessment of investment appraisals and commercial decisions, the Company considers that adjusting the dividend rate to a fixed rate of 3.0% per annum, so that the dividend rate on the Convertible Preference Shares would no longer be affected by external interest rates locally or globally, is fair and reasonable and in the interest of the Company and Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Proposed CPS Amendments are commercial terms agreeable by Grand Beauty and the Company which are a result of arm's-length negotiations between them. The upward adjustment of the Conversion Price from HK\$3.0 to HK\$6.0 indicates strong confidence of Sino-Ocean Group, the controlling shareholder of the Company and the sole shareholder of Grand Beauty, in the Company's business strategies, development potential and long term prospects. The increased Conversion Price represents a premium of approximately 413% over the closing price of the Ordinary Shares on the Last Trading Day. Such positive message is expected to enhance the confidence of Shareholders, the Company's business partners and potential investors, which will benefit the Company's future business development. Being the controlling shareholder of the Company, the further expansion and growth of the Company's business will in turn generate positive benefit and create value in the medium to long term for Grand Beauty.

The Company notes that the trading volume of its Ordinary Shares has been kept at a low level, therefore the Company has been actively exploring means that can broaden its capital base, increase the trading volume of its shares and improve its capital structure, including a possible one-off fund raising exercise with a size within the available general mandate of the Company (the "**Possible Fund Raising**") and a possible reduction of capital of the Company involving the cancellation of certain number of Convertible Preference Shares held by Grand Beauty (the "**Possible Capital Reduction**"). After arm's-length negotiations with Grand Beauty, the Company considers it fair and reasonable that in ensuring the Proposed CPS Amendments are acceptable to Grand Beauty, the shareholding of Grand Beauty in the Company should not be diluted by the Possible Fund Raising whilst it is bearing an increase in Conversion Price to HK\$6.0 at the same time, hence the Company considers that Grand Beauty should be allowed to convert its Convertible Preference Shares at the current Conversion Price of HK\$3.0 if the Company conducts the Possible Fund Raising within a short period (which is anticipated to be no later than 30 June 2018) for the sole purpose of, and only to the extent required for, maintaining Grand Beauty's current level of shareholding in the Company. A maximum of 203,466,429 Adjusted Convertible Preference Shares are required in order to enable Grand Beauty to maintain its current level of shareholding in the Company after the Possible Fund Raising, on the assumptions that: (i) the Company will issue the maximum number of Ordinary Shares permitted by its general mandate under the Possible Fund Raising; and (ii) there is no other change in the total issued share capital of the Company during the period between the Latest Practicable Date and immediately before the completion of the Possible Fund Raising. In order to enable Grand Beauty to exercise the New Issuance Adjustment, the Company has agreed to accelerate the commencement of the Conversion Period to the Amendments Effective Date, given that without such amendment, Grand Beauty would not be able to convert any of its Convertible Preference Shares until around late 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company considers that the New Issuance Adjustment described above, which allows Sino-Ocean Group to maintain its current level of shareholding in the Company in the event of the Possible Fund Raising, further conveys a positive message that Sino-Ocean Group has confidence in, and continues to support the Company in its long-term business development and strategies.

Based on the above, the Directors consider that the terms of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company will make further announcement(s) in relation to the Possible Fund Raising and Possible Capital Reduction (in each case, if to be proceeded with) when appropriate in accordance with the requirements of the Listing Rules.

Based on our understanding from the above consideration, we are of the view that the Proposed CPS Amendments are ancillary subsequent alterations to the terms under the original Subscription Agreement, which shall be regarded as corporate financing activities instead of usual operating activities of the Group, and therefore are not conducted in the ordinary and usual course of business of the Group; while the Proposed CPS Amendments are favourable to the Group rather than on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, so as to facilitate the implementation of the long-term business development and corporate financing strategies of Sino-Ocean Group as a whole, including the Group itself.

4. Background of the Proposed CPS Amendments pursuant to Second Supplemental Deed

Reference is made to the joint announcement issued by the Company and Sino-Ocean Group dated 26 October 2014 and the Company's circular dated 27 November 2014 in relation to (among other matters) the issue of 1,300,000,000 Convertible Preference Shares by the Company to Grand Beauty, which was completed on 23 December 2014.

As at the Latest Practicable Date, the Company has 829,333,334 Convertible Preference Shares in issue (all of which are held by Grand Beauty), 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\$3.0 per Convertible Preference Share).

The Board announces that on 26 January 2018 (after trading hours), the Company entered into the Second Supplemental Deed with Grand Beauty, pursuant to which the Company and Grand Beauty have conditionally agreed to amend certain terms of the Convertible Preference Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of the Second Supplemental Deed are set out below:

The Proposed CPS Amendments

The Proposed CPS Amendments to the terms of the Convertible Preference Shares include:

- (i) the commencement of the Conversion Period shall be accelerated such that it will commence from 3:00 p.m. (Hong Kong time) on the first Business Day immediately after the Amendments Effective Date (instead of commencing from the end of the five-year period from the issue of the Convertible Preference Shares as originally contemplated) and will end at 4:00 p.m. (Hong Kong time) on the date (except the date where the register of Shareholders of the Company in Hong Kong is closed) of all Convertible Preference Shares being converted in full (or such earlier dates as may be required under applicable laws);
- (ii) (a) the initial Conversion Price shall be increased from HK\$3 to HK\$6, subject to the adjustments set out in the Articles; and

(b) the following shall be added as an additional adjustment event in respect of the Conversion Price (the “**New Issuance Adjustment**”): if the Company should issue, at any time on or before (and including) 30 June 2018, any new shares or convertible securities of the Company to any person other than a person who is a Convertible Preference Shareholder on the date of such new issuance (the “**New Issuance**”), the Conversion Price shall be reduced, concurrently with and effective from the completion of the New Issuance, to HK\$3, provided that: (i) such Conversion Price shall only be HK\$3 in respect of such number of Convertible Preference Shares (in such integral multiple) which will enable the Shareholder exercising such Conversion Right to increase its shareholding to no less than, but closest to, its equity shareholding (excluding its shareholding in any Convertible Preference Shares) in the Company (taking into account of the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the Convertible Preference Shares) on an as converted and fully dilutive basis) immediately before completion of the New Issuance (the “**Adjusted Convertible Preference Shares**”); and (ii) the number of Adjusted Convertible Preference Shares shall not exceed 203,466,429; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the dividends payable on the Convertible Preference Shares in respect of the period from the first day immediately after the Amendments Effective Date to 31 December 2018 (both days inclusive) and in respect of the period from 1 January to 31 December each year after 31 December 2018 shall be adjusted from a non-cumulative floating rate per annum to a fixed rate of 3% per annum.

Save for the terms of the Convertible Preference Shares as revised by the Proposed CPS Amendments above (the “**2018 Revised CPS Terms**”), all other terms of the Convertible Preference Shares as set out in the joint announcement issued by the Company and Sino-Ocean Group dated 26 October 2014 and the Company’s circular dated 27 November 2014 in relation to (among other matters) the issue of 1,300,000,000 Convertible Preference Shares by the Company to Grand Beauty will remain unchanged.

Conditions Precedent

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 following conditions (the “**Conditions**”):

- (a) the passing of an ordinary resolution by the Shareholders who are permitted to vote under the Listing Rules at the EGM to approve the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder (including but not limited to the issue of Conversion Shares upon conversion of the relevant Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms);
- (b) the passing of a special resolution by the Shareholders who are permitted to vote under the Listing Rules at the EGM to approve the adoption of the new Articles or the amendments to the Articles to reflect the 2018 Revised CPS Terms;
- (c) the Listing Committee of the Stock Exchange having granted (and not having revoked) or agreeing to grant the listing of, and permission to deal in, the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (d) 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 Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder having been obtained and fulfilled.

If any of the Conditions are not fulfilled by 30 June 2018 (or such later date as may be agreed between the Company and Grand Beauty), the Second Supplemental Deed shall cease to have any force and effect, and each of Grand Beauty and the Company shall be released from all rights and obligations relating to the Second Supplemental Deed, save for any antecedent breach thereof. As at the Latest Practicable Date, the Condition in (c) above has been fulfilled, whilst the remaining Conditions have not been fulfilled yet.

Effectiveness of the Proposed CPS Amendments

Pursuant to Section 180(4) of the Companies Ordinance, the Proposed CPS Amendments shall take effect after the expiry of 28 days after all of the Conditions having been fulfilled. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that fall to be issued upon conversion of the Convertible Preference Shares at the relevant Conversion Price pursuant to the 2018 Revised CPS Terms.

The increase in the Conversion Price

The original Conversion Price of HK\$3.0 per Conversion Share is proposed to be increased to HK\$6.0, the latter represents:

	Closing price per Ordinary Share of approximately HK\$	Premium of approximately %
(i) Closing price per Ordinary Share as quoted on the Stock Exchange on 26 January 2018, being the Last Trading Day of the Ordinary Shares immediately before the date of the Company's announcement in relation to the Proposed CPS Amendments	1.17	412.8

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Closing price per Ordinary Share of approximately <i>HK\$</i>	Premium of approximately %
(ii) Average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last five consecutive trading days of the Ordinary Shares up to and including the Last Trading Day	1.16	417.2
(iii) Average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the last ten consecutive trading days of the Ordinary Shares up to and including the Last Trading Day	1.13	431.0
(iv) Average of the closing prices of the Ordinary Shares as quoted on the Stock Exchange for the trading period of the Ordinary Shares from 1 January 2017 up to and including the Last Trading Day (the “ Review Period ”)	1.07	460.7
(v) Closing price per Ordinary Share as quoted on the Stock Exchange as at the Latest Practicable Date	1.17	412.8
(vi) The Group’s unaudited consolidated net asset value per Ordinary Share attributable to the Shareholders as at 30 June 2017 (based on the unaudited net asset value of approximately HK\$670,203,473 as at 30 June 2017 and the number of issued Ordinary Shares of 450,990,000 as at the Latest Practicable Date) (<i>see note below</i>)	1.49	302.7

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

According to the Interim Report, the Group had unaudited consolidated net asset value (including the respective balance of Convertible Preference Shares reserve and perpetual bond of approximately HK\$3,898.7 million and HK\$2,259.5 million) of approximately HK\$5,416.4 million as at 30 June 2017. The Company had completed the Previous Capital Reduction on 10 August 2017 with credit in amount of approximately HK\$1,412.0 million in the Convertible Preference Shares reserve account arising therefrom. For illustrative purposes only, the net asset value of the Company as at 30 June 2017 are calculated by excluding the net balance of Convertible Preference Shares reserve of approximately HK\$2,486.7 million (note: which shall belong to the holder of the Convertible Preference Shares only and therefore not for the Shareholders holding Ordinary Shares) and perpetual loan of approximately HK\$2,259.5 million (note: which is required to be repaid at sometime falling 10 years after the date of issue, even though it currently has no fixed redemption date).

Comparison with other convertible preference share issue exercises

In order to further assess the fairness and reasonableness of the increased Conversion Price and preferential dividend rate per annum in light of the prevailing market condition, we have also, based on the information available from the Stock Exchange's website, reviewed all the issues of convertible preference shares announced by the companies listed on the Main Board of the Stock Exchange (the "**Market Comparables**") during the past 12 complete calendar months to the Last Trading Day for comparison purposes, as we consider that 12 complete calendar months are appropriate benchmarks to reflect the recent sentiment and the risk appetite of the investment community and the adopted time span can cover sufficient number of comparable issues of convertible preference shares to reflect the prevailing market trend. We noted that there were only eight Market Comparables that can be identified during the past 12 complete calendar months prior to the Last Trading Day, which we consider mainly due to their uncommon nature in the local stock market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code)	Date of announcement	Size of issue <i>HK\$' million</i>	Preferential dividend rate per annum %	Premium over/(discount to) the 5-day average closing price up to and including the date of the relevant agreement			net asset value per share as at the latest published annual/ interim report %
				the closing price of the date of the relevant agreement %	the closing price to and including the date of the relevant agreement %	the closing price to and including the date of the relevant agreement %	
Bank of Chongqing Co., Ltd. (1963)	14/12/2017	5,850.00	5.40	40.26	40.72	0.00	
Bank of Jinzhou Co., Ltd. (416)	20/10/2017	11,668.80	5.50	9.78	12.11	23.42	
China Merchants Bank Co., Ltd. (3968)	19/10/2017	7,800.00	4.40	(31.29)	(29.54)	5.88	
Bank of Zhengzhou Co., Ltd. (6196)	10/10/2017	9,289.80	5.50	19.03	20.74	6.90	
Postal Savings Bank of China Co., Ltd. (1658)	21/9/2017	56,550.00	4.50	4.55	3.65	(10.22)	
Bank of Qingdao Co., Ltd. (3866)	12/9/2017	9,383.40	5.50	(25.16)	(19.54)	0.00	
China NT Pharma Group Company Limited (1011)	19/4/2017	Up to 594.75	No fixed rate	6.40	2.23	132.11	
China Zheshang Bank Co., Ltd. (2016)	22/3/2017	16,965.00	5.45	(9.68)	(7.22)	0.00	
		Maximum	5.50	40.26	40.72	132.11	
		Median	5.45	5.48	2.94	6.90	
		Average	5.18	1.74	2.89	19.76	
		Minimum	4.40	(31.29)	(29.54)	(10.22)	
The Company (174)	28/1/2018	2,486.70	3.00	412.8	417.2	302.68 <i>(see note below)</i>	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

According to the Interim Report, the Group had unaudited consolidated net asset value (including the respective balance of Convertible Preference Shares reserve and perpetual bond of approximately HK\$3,898.7 million and HK\$2,259.5 million) of approximately HK\$5,416.4 million as at 30 June 2017. The Company had completed the Previous Capital Reduction on 10 August 2017 with credit in amount of approximately HK\$1,412.0 million in the Convertible Preference Shares reserve account arising therefrom. For illustrative purposes only, the net asset value of the Company as at 30 June 2017 are calculated by excluding the net balance of Convertible Preference Shares reserve of approximately HK\$2,486.7 million (note: which shall belong to the holder of the Convertible Preference Shares only and therefore not for the Shareholders holding Ordinary Shares) and perpetual loan of approximately HK\$2,259.5 million (note: which is required to be repaid at sometime falling 10 years after the date of issue, even though it currently has no fixed redemption date).

Source: the website of the Stock Exchange

As illustrated in the above analysis, the conversion prices of the Market Comparables were set at a range from a discount of approximately 31.29% to a premium of approximately 40.26% to/over their respective closing prices on the date of the agreement and with an average of a premium of approximately 1.74% thereto. Furthermore, the conversion prices of the Market Comparables represent a discount ranged from approximately 29.54% to a premium of approximately 40.72% to/over their respective 5-day average closing prices up to and including the date of the agreement and with an average of a premium of approximately 2.89% thereto. The Conversion Price of the Convertible Preference Shares now to be increased to HK\$6.0 per Conversion Share would represent very significant premiums of approximately 412.8% and 417.2% over the respective closing price of the Ordinary Shares on the Last Trading Day.

As further illustrated in the above analysis, the conversion prices of the Market Comparables were set at a range from a discount of approximately 10.22% to a premium of approximately 132.11% to/over their respective net asset value per share as at their latest balance sheet dates prior to publication of their annual/interim reports. The Conversion Price of the Convertible Preference Shares now to be increased to HK\$6.0 per Conversion Share would represent a very significant premium of approximately 302.68% over its pro forma net asset value as at 30 June 2017.

The preferential dividend rate of the Market Comparables ranges from 4.40% to 5.50% per annum with an average preferential dividend rate of approximately 5.18% per annum; whilst the preferential dividend rate of the Convertible Preference Shares to be adjusted to 3.0% per annum falls outside the said market range and is lower than the minimum preferential dividend rate of the Market Comparables at 4.40% per annum, provided that if the Group would incur an audited consolidated net loss in a relevant year, no such preferential dividend shall be declared and paid

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

by the Company. The significant premiums of the increased Conversion Price over (i) the closing price of the Ordinary Shares on the Last Trading Day; and (ii) the 5-day average closing price of the Ordinary Shares up to and including the Last Trading Day, could outweigh the non-cumulative fixed preferential dividend rate attributable to the Convertible Preference Shares to be adjusted upward to 3.0% per annum when compared to the higher average preferential dividend rate of the Market Comparables of 5.18% per annum for their convertible preferential shares issued by them during the period from 1 January 2017 up to the Last Trading Day. Hence, we consider that the non-cumulative fixed preferential dividend rate of the Convertible Preference Shares at 3.0% per annum is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole.

According to the existing terms of the Convertible Preference Shares, the existing dividend rate of the Convertible Preference Share shall be an interest rate equivalent to the annualised yield-to maturity rate of the 10-years HKGB (or if such bonds are not available at the relevant time, such other similar debt instrument with 10-year maturity issued by other government authority with similar credit rating as the Hong Kong Government at the relevant time as the Company may determine in its absolute discretion). However, the Directors consider that the current yield-to-maturity rate of the 10-years HKGB may not be available at the relevant time because of its uncommon nature in the Hong Kong financial market. Based on our independent research from the website of Hong Kong Monetary Authority at <http://www.hkgb.gov.hk> for information of Hong Kong Government Bond Programme, there are only six 10-years HKGB with aggregate size of principal amount of HK\$28.3 billion and maximum coupon interest rate of 2.93% per annum outstanding as at the Latest Practicable Date, which we consider to be limited and therefore not be representative for making reference to determine the preferential dividend rate to be fixed for the Convertible Preference Shares in the longer term future. In any event, for the Independent Shareholders' reference, according to our independent research from the terminal platform of Bloomberg, we noted that such 10-years HKGB had been quoting an average interest rate of approximately 1.592% per annum during the Review Period and a closing interest rate of 1.931% per annum as at the Last Trading Day, which we consider not to be largely deviated (i.e. merely 1.069% or approximately HK\$26.6 million) from that of the revised non-cumulative fixed preferential dividend rate of 3.0% per annum pursuant to the Second Supplemental Deed, on the basis that the US Federal Reserve and/or the open financial market have generally anticipated that there will be around three to four times of interest rate increase with 0.25% every time during the year 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of such scenario, we believe that the anticipated yield-to-maturity rate of the 10-years HKGB will very likely rise by 1.0% correspondingly at that time or sometime later on, which will then be very close to the revised non-cumulative fixed preferential dividend rate of 3.0% per annum pursuant thereto. The Directors would like to clarify that the Proposed CPS Amendments are primarily aiming to set a cap of the highest preferential dividend rate at 3.0% per annum to be payable to the Grand Beauty, so as avoiding any excessive dividend payment to be made in event of the interest rate quoted by such 10-years HKGB and/or US Government 10-year maturity bonds exceeding 3.0% per annum, instead of detrimental to the interests of the Company and the Independent Shareholders are concerned by increasing the preferential dividend payment to Grand Beauty.

We note that the principal businesses of the Market Comparables may not be directly comparable to those carried out by the Group and the terms of the convertible preference shares of the Market Comparables may vary for companies with different industries and business nature, market capitalisation, scale of operations, financial standings, business and operating performance, risk profile, future prospects and other relevant criteria. All these factors may affect the terms of the convertible preference shares as indicated by the varied range of result in our comparison. Therefore, the above comparison with the Market Comparables is for illustrative purposes only. However, given that the market sentiment at the relevant time, in general, constitutes an important factor in the determination of the issue price of convertible preference shares, we consider that the Market Comparables could provide a general reference for the terms of the Convertible Preference Shares and, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Based on our independent review of the Interim Report, the Group's average interest rate for a bank borrowing in an outstanding amount of approximately HK\$495.7 million as at 30 June 2017 was 2.06% per annum. We also noted that the prevailing HK\$ prime lending rates currently quoted by commercial banks in Hong Kong are in the range of 5.00% to 5.25% per annum, and there has been general anticipation in the financial market that the US Federal Reserve will continue to raise interest rates in the US in the coming years, which in turn will inevitably affect the interest rates in Hong Kong offered by financial institutions correspondingly. Given the different nature between interest rate for bank borrowings and dividend rate for Convertible Preference Shares, we consider that they may not be directly comparable between each other on the basis that the Company may not be able to obtain such a sizeable amount of funding from the open financial market at such a relatively lower interest rate, because the outstanding huge balance of Convertible

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Preference Shares of approximately HK\$2,486.70 million is almost (i) 4.0 times over the Group's outstanding balance of bank borrowings as at 30 June 2017; and (ii) 2.7 times over the pro forma net asset value of approximately HK\$670.2 million as at 30 June 2017, whilst the interest on bank borrowings must be paid from time to time when the relevant borrowings are still outstanding irrespective of whether the Company is profitable or loss-making, or even in severe financial difficulty, but the preferential dividend for the Convertible Preference Shares would only be payable when the Board at its absolute discretion considers that the Company has satisfactory profit level, availability of distributable reserve and surplus of cash resources etc.. The Company had no compulsory obligation to pay, and in fact has never paid, any preferential dividend to Grand Beauty so far since the issuance of the Convertible Preference Shares in December 2014, but has utilised the sizable funding of approximately HK\$3,898.7 million for its operating and investing purposes without incurring any interest cost. On such basis, we are of the view that the revised fixed preferential dividend rate of 3.0% is fair and reasonable, in the interests of the Company and the Shareholders as a whole.

Based on our understanding from the Directors, the Company previously considered to determine a dividend rate for distribution (if any) by making reference to the relevant debt instrument to be comparable to those debt instrument(s) with similar credit rating as the Hong Kong Government at the relevant time as the Company may determine at its absolute discretion, such as the 10-year maturity bonds issued by the US Government. According to our independent research from the terminal platform of Bloomberg, we noted that such US Government 10-year maturity bonds had been quoting an average interest rate of approximately 2.3424% per annum during the Review Period and a closing interest rate of 2.6599% per annum as at the Last Trading Day, which we consider not to be largely deviated (i.e. merely 0.3401%) from that of the revised non-cumulative fixed preferential dividend rate of 3.0% per annum pursuant to the Second Supplemental Deed, and would be within the range of the Group's average interest rate from bank borrowings at 2.06% and the HK\$ prime lending rates at 5.00% or 5.25% generally quoted by commercial banks in Hong Kong. Given the fact that there has been general anticipation in the financial market for rises in interest rates in Hong Kong and the US in the near future, we are of the view that the revised non-cumulative fixed preferential dividend rate now to be revised at 3.0% per annum pursuant to the Second Supplemental Deed, will be fixed during the term of the Convertible Preference Shares in existence to replace the original non-cumulative floating preferential dividend rate, and therefore could effectively eliminate the uncertainty of any possible rises in the original non-cumulative floating preferential dividend rate exceeding 3.0% per annum as a consequence/an influence of any corresponding rises in interest rates in Hong Kong and the US financial markets in the foreseeable future.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the significant premiums of the increased Conversion Price over the (a) recent closing prices of the Ordinary Shares prior to the Last Trading Day and (b) average closing price thereof throughout the Review Period; and (ii) the non-cumulative fixed preferential dividend rate to be revised for the Convertible Preference Shares at 3.0% per annum is currently within the range of the Group's average interest rate from bank borrowings and the HK\$ prime lending rates quoted by commercial banks in Hong Kong, we consider that the terms of the Second Supplemental Deed, including the increased Conversion Price and the revised non-cumulative fixed preferential dividend rate at 3.0% per annum, are favourable to the Company rather than on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

5. Financial effect of the Proposed CPS Amendments on the Group

Earnings

There will be no immediate direct and material impact on earnings of the Group upon the Proposed CPS Amendments becoming effective, because the Convertible Preference Shares are not interest-bearing in nature and hence there would be no interest saving effect arising from any possible conversion of the Convertible Preference Shares and/or increase in the Conversion Price.

However, since the Convertible Preference Shares currently offering a non-cumulative floating preferential dividend rate of 2.6599% per annum based on the closing interest rate quoted by such US Government 10-year maturity bonds as at the Last Trading Day (subject to changes in the subsequent years) are now revised to a fixed preferential dividend rate of 3.0% per annum, the Company theoretically would have to additionally (i.e. to be increased by 0.3401%) incur preferential dividend payment of approximately HK\$8.5 million for a full FY after net profits in the coming years, but prior to any distribution to the Shareholders holding the Ordinary Shares, and provided that the Group will have recorded sufficient level of net profit to pay such preferential dividend in the relevant year. If the Group would incur an audited consolidated net loss in a relevant year, no such preferential dividend shall be declared and paid by the Company. Based on our review of the Interim Report, the Group had been incurring net loss for the six months ended 30 June 2017 and therefore has never distributed any preferential dividend to the holder of the Convertible Preference Shares for the year ended 31 December 2017. On such basis, the Proposed CPS Amendments to increase the original non-cumulative floating preferential dividend rate to a fixed preferential dividend rate of 3.0% per annum would in fact have no immediate impact to the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further looking forward from a different angle, there has been general anticipation in the financial market that the US Federal Reserve will continue to raise interest rates in the coming years, which in turn will inevitably affect the interest rates in Hong Kong and the US offered by financial institutions correspondingly in the near future, the original non-cumulative floating preferential dividend rate of approximately 2.6599% per annum based on the closing interest rate quoted by such US Government 10-year maturity bonds as at the Last Trading Day (subject to changes in the subsequent years) will very likely rise to a comparable, or even higher, level to the revised fixed preferential dividend rate at 3.0% per annum by the end of 2018 or sometime later on; whilst such revision of a fixed preferential dividend rate could effectively eliminate the uncertainty of any possible rises in interest rates exceeding 3.0% per annum in the long-term future. Accordingly, we consider such revision of a fixed preferential dividend rate to be fair and reasonable, in the interests of the Company and the Shareholders as a whole on the basis that the Company is aiming to set a cap of the highest preferential dividend rate at 3.0% per annum so as avoid any excessive dividend payment to be made in event of the interest rate quoted by such US Government 10-year maturity bonds exceeding 3.0% per annum. Hence, if the original non-cumulative floating preferential dividend rate would not be revised to and fixed at 3.0% per annum, the Company would likely have to bear higher burden on preferential dividend payment at that time. Nevertheless, the Directors consider that the Proposed CPS Amendments could effectively alleviate the possible dilution effect in the shareholding of the Company in the long-term future, so as to improve the prospective earning per Share.

Working capital

It is expected that there would be no cash flow effect arising from the Proposed CPS Amendments, as the aggregate outstanding principal amount of the Convertible Preference Shares of approximately HK\$2,486.7 million was currently recognised in the consolidated financial statements of the Group as Convertible Preference Shares reserve, any possible earlier conversion thereof after the Proposed Capital Reduction would merely be leading to an accounting treatment to reclassify such Conversion Shares from Convertible Preference Shares reserve to ordinary share capital of the Company (i.e. still under the aggregate balance of equity and reserves), without any new cash resources to be injected into the Group. After which, the Group's ordinary share capital base would be enhanced accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gearing position

Based on the Interim Report, the Group had an unaudited consolidated net asset value and aggregate interest-bearing borrowings of approximately HK\$5,416.4 million (including the respective balance of Convertible Preference Shares reserve and perpetual bond of approximately HK\$3,898.7 million and HK\$2,259.5 million) and HK\$496.0 million, respectively, as at 30 June 2017, representing a relatively low gearing ratio (i.e. being calculated as the aggregate interest-bearing borrowings to be divided by the net asset value of the Group) of approximately 9.2% thereof. The Directors have expected that the Group's ordinary share capital base would be enhanced, while its gearing level would basically remain unchanged, following the Proposed CPS Amendments becoming effective in conjunction with any possible earlier conversion of the Convertible Preference Shares into Ordinary Shares.

Net asset value

According to the Interim Report, the Group had an unaudited consolidated net asset value (including the respective balance of Convertible Preference Shares reserve and perpetual bond of approximately HK\$3,898.7 million and HK\$2,259.5 million) of approximately HK\$5,416.4 million as at 30 June 2017. The Company had completed the Previous Capital Reduction on 10 August 2017 with credit in amount of approximately HK\$1,412.0 million in the Convertible Preference Shares reserve account arising therefrom. On the basis of excluding the net balance of Convertible Preference Shares reserve of approximately HK\$2,486.7 million (note: which shall belong to the holder of the Convertible Preference Shares only and therefore not for the Shareholders holding Ordinary Shares) and perpetual loan of approximately HK\$2,259.5 million (note: which is required to be repaid at sometime falling 10 years after the date of issue, even though it currently has no fixed redemption date), the pro forma net asset value of the Company as at 30 June 2017 would amount to approximately HK\$670.2 million, representing net asset value per Ordinary Share of approximately HK\$1.49 based on the 450,990,000 Ordinary Shares in issue as at the Latest Practicable Date.

The increased Conversion Price of HK\$6.0 per Conversion Share represents a significant premium over the pro forma net asset value per existing Ordinary Share attributable to the Shareholders of approximately HK\$1.49 as at 30 June 2017. There would be obvious enhancement of net asset value per existing Ordinary Share as if there would be any possible early conversion of Convertible Preference Shares into Ordinary Shares at the increased Conversion Price of HK\$6.0 per Conversion Share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Dilution effect in shareholding of the Company

Based on the existing shareholding structure of the Company as at the Latest Practicable Date, 138,485,375 Ordinary Shares were held by public Shareholders, representing approximately 30.7% of the issued ordinary share capital of the Company. Assuming full conversion of the Convertible Preference Shares resulting from possible conversion into Conversion Shares at the original Conversion Price HK\$3.0 per Conversion Share, for illustration purpose only and would never occur, corresponding shareholding of public Shareholders would be diluted to approximately 10.8%. In view of such scenario, the shareholding dilution effect appears to be material.

In comparison of the dilution effect between the original Conversion Price at HK\$3.0 and the increased Conversion Price of HK\$6.0 per Conversion Share, the dilution effect on the shareholding of public Shareholders would be alleviated to approximately 16.0% of the issued share capital of the Company, on the basis that the maximum number of Conversion Shares to be issuable after completion of the Proposed CPS Amendments (without taking into account the New Issuance Adjustment and the Proposed Capital Reduction) would be reduced from 829,333,334 to 414,666,667 Ordinary Shares, respectively. Accordingly, the upward adjustment of the original Conversion Price from HK\$3.0 to HK\$6.0 per Conversion Share is beneficial to the Independent Shareholders, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

However, Independent Shareholders should note that 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 of at least 25% as stipulated under the Listing Rules.

Further, Independent Shareholders should also note that dilution effect on earnings per Share and shareholding is inevitable for the issue of any convertible securities, they would face a similar level of dilution if a placing as well as a rights issue or an open offer of similar size to the issue of the Convertible Preference Shares is proceeded, instead of the issue of the Convertible Preference Shares and their subsequent conversions, while the Shareholders do not subscribe for the new Shares in full (under the rights issue or the open offer). Having (i) taken into account the increased Conversion Price of HK\$6.0 per

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conversion Share being almost 4.6 times over the average closing price of the Ordinary Shares during the Review Period, which shall be perceived to be exceptionally high when compared to the general market practice; and (ii) considered the possible enhancement and broadening of shareholders' and ordinary share capital base of the Company upon possible earlier conversion of the Convertible Preference Shares, we consider that the dilution effect on the shareholding held by public Shareholders is inevitable for the possible issue of new Ordinary Shares and therefore acceptable, though on its own is not favourable, so far as the Independent Shareholders are concerned after taking into account of the possible increase in the consolidated net asset value per Ordinary Share after any possible earlier conversion of the Convertible Preference Shares into new Ordinary Shares.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the Proposed CPS Amendments are ancillary subsequent alterations to the original terms under the original Subscription Agreement, which shall be regarded as corporate financing activities instead of usual operating activities of the Group, and therefore are not conducted in its ordinary and usual course of business; while the Proposed CPS Amendments are favourable to the Group rather than on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Proposed CPS Amendments pursuant to the Second Supplemental Deed and the transactions contemplated thereunder (including the allotment and issue of the Conversion Shares), and the proposed adoption of the new Articles.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited
Nicholas Cheng
Director

Note:

Mr. Nicholas Cheng has been the Responsible Officer of Type 6 (advising on corporate finance) regulated activity under the SFO, and has over 16 years of experience in corporate finance industry. He has been participating in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. It is proposed to amend the existing Article 5A of the Articles to incorporate the 2018 Revised CPS Terms. The full text of the new Article 5A in the new Articles proposed to be adopted, marked to show changes to the existing Article 5A of the Articles, is set forth as follows:

5A.**Convertible Preference Shares**

The Convertible Preference Shares shall be non-voting shares and shall have attached thereto the rights and restrictions as set out in this Article 5A. The provisions of this Article 5A shall prevail over any inconsistency with any other provisions of these Articles. Unless the context otherwise requires:

(1) Interpretation

In these Terms, unless the context otherwise requires, the following expressions which apply exclusively to these Terms shall have the following meanings:

“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;

“CCASS” means the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited;

“Certificate” means a certificate issued by the Company in the name of the Convertible Preference Shareholder in respect of his/ her/ its holding of one or more Convertible Preference Shares;

“Conversion Date” means, subject to Article 5A(5)(G), 12:00 noon (Hong Kong time) on the Business Day immediately following the date of the surrender of the relevant Certificate and delivery of the Conversion Notice therefor accompanied by the items referred to in Article 5A(5)(B);

“Conversion Notice” means a notice, in such form as the Directors may from time to time specify, duly completed by a Convertible Preference Shareholder stating that it wishes to exercise the Conversion Right in respect of Convertible Preference Shares;

“Conversion Period” means, in respect of any Convertible Preference Share, any time commencing from (i) 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 Effective Date~~ and (ii) up to 4:00 p.m. (Hong Kong time) on the date (except the date where the Register is closed) of all Convertible Preference Shares being converted in full (or such earlier date as may be required under the Statutes);

“Conversion Price” means ~~the price at which each Convertible Preference Share was initially issued, being HK\$3.0~~ 6.0, subject to any adjustment in accordance with these Terms. 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;

“Conversion Right” means the right, subject to the provisions of the Terms, the Statutes and to any other applicable fiscal or other laws or regulations, to convert at any time during the Conversion Period any Convertible Preference Share at the Conversion Price;

“Conversion Share(s)” means Ordinary Share(s) to be issued upon an exercise of the Conversion Rights;

“Convertible Preference Share(s)” means the non-voting convertible preference share(s) in the share capital of the Company, the rights of which are set out in these Terms;

“Convertible Preference Shareholder” means a person or persons who is or are registered in the Preference Register as a holder or jointholders of Convertible Preference Shares;

“Converting Shareholder” means a Convertible Preference Shareholder all or some of whose Convertible Preference Shares are being or have been converted;

“Dividend” means any dividend payable or distribution made on the Convertible Preference Shares pursuant to Article 5A(2);

“Effective Date” means the first day immediately after the expiry of 28 days after the Second Supplemental Deed becoming unconditional in accordance with its terms and conditions;

“Group” means the Company and its subsidiaries;

“HK\$” or “Hong Kong dollars” means Hong Kong dollars, the lawful currency of Hong Kong;

“Issue Date” means, in respect of any Convertible Preference Share, the date on which the Convertible Preference Share is allotted and issued;

“Ordinary Share(s)” means fully paid ordinary share(s) in the capital of the Company of the class listed on the Stock Exchange or, where the context so requires, shares resulting from the re-designation or re-classification of all the Ordinary Shares outstanding, provided that if all of the Ordinary Shares are replaced by other securities (all of which are identical), the expression “Ordinary Share(s)” shall thereafter refer to those other securities;

“outstanding” means in relation to the Convertible Preference Shares, all the Convertible Preference Shares issued other than those in respect of which Conversion Rights have been exercised and which have been cancelled;

“Pari Passu Share(s)” means share(s) in the capital of the Company ranking pari passu as regards income with the Convertible Preference Shares;

“Preference Register” means the register of Convertible Preference Shareholders required to be maintained by the Company pursuant to Article 5A(16) (B);

“Record Date” means the date and time by which a subscriber, transferee or holder of securities of the class in question would have to be registered in order to participate in or be entitled to the relevant distribution or rights;

“Reference Amount” means HK\$3.0, being the price at which each Convertible Preference Share was initially issued;

“Register” means the register of Shareholders of the Company maintained in Hong Kong;

“Relevant Convertible Preference Shares” means a Convertible Preference Share which is to be converted pursuant to a Conversion Notice;

“Second Supplemental Deed” means the second supplemental deed to the Subscription Agreement relating to 1,300,000,000 Non-Voting Convertible Preference Shares to be issued by Gemini Investments (Holdings) Limited dated 26 January 2018 entered into between the Company and Grand Beauty Management Limited;

“Shareholder” means the person who is duly registered in the Register as holder for the time being of any Ordinary Share or Ordinary Shares and includes persons who are jointly so registered and “Shareholders” means 2 or more of them;

“Statutes” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time, and every other act of the legislature of Hong Kong for the time being in force applying to or affecting the Company and/or these Articles;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Takeovers Code” means the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong (as may be amended from time to time); and

“Terms” means the terms of issue, rights and privileges of the Convertible Preference Shares and the restrictions to which they are subject as set out in this Article 5A and as may be amended from time to time.

(B) In these Terms, references to:

“distribution” include references to any dividend or other distribution (including a distribution in specie) or capitalization issue;

“paragraphs” are references to the paragraphs of these Terms;

“property” include references to shares, securities, cash and other assets or rights of any nature; and

“dates” and “times” are references to dates and times in Hong Kong.

(2) **Income and Dividend**

- (A) Subject to the ~~Statues~~ Statutes and Articles 5A(2)(C) and 5A(2)(D), each Convertible Preference Share shall confer on the Convertible Preference Shareholder thereof the right to receive out of the 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 pari passu with other Pari Passu 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):
- (i) (if applicable) in respect of the period from the Issue Date to 31 December 2014 (both days inclusive), at the interest rate of 1.937 per cent. per annum;
 - (ii) in respect of the period from 1 January to 30 June (both days inclusive) of each year after 31 December 2014 up to and including 30 June 2017 (each “**First 6-Month Period**”), at the interest rate per annum equivalent to the annualized 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 organization, 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
 - (iii) in respect of the period from 1 July to 31 December of each year after 31 December 2014 up to and including 31 December 2017 (each “**Second 6-Month Period**”) and in respect of the period from 1 January 2018 to the Effective Date (both days inclusive) (the “**Interim Period**”), at the interest rate per annum equivalent

to the annualized yield-to-maturity rate of 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, the Alternative Entity) as of 11:00 a.m. (Hong Kong time) on the first Business Day of the Second 6-Month Period/the Interim Period (as applicable); and-

- (iv) in respect of the period from the first day immediately after the Effective Date to 31 December 2018 (both days inclusive) and in respect of the period from 1 January to 31 December each year after 31 December 2018, at the interest rate of 3.0 per cent. per annum.

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.

- (B) Subject to Articles 5A(2)(C) and 5A(2)(D), the Dividend shall accrue from the Issue Date and shall accrue from day to day and shall be calculated on the basis of a 365-day year and any Dividend accrued in respect of any year ending on 31 December shall be payable in HK dollars annually in arrears on 15 April of the following year (or the Business Day immediately before 15 April if such date is not a Business Day).
- (C) Subject to Article 5A(2)(D), the Dividends in respect of a given year (the “**Relevant Year**”) shall be (i) 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 other Pari Passu Shares) to justify the payment of the Dividends for the Relevant Year, and (ii) reduced or extinguished in the following circumstances:
- (a) 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

- (b) if the Group records an audited consolidated loss (after tax) for the Relevant Year, no Dividend 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.

- (D) Notwithstanding any provisions of these Articles, the Board may elect not to pay any Dividend in respect of any Relevant Year regardless of whether or not (a) the Company has sufficient distributable profits to cover the Dividend 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 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.

(3) 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.

(4) Ranking

The Company shall not (unless such sanction has been given by the Convertible Preference Shareholders as would be required for a variation of the special rights attaching thereto or unless otherwise provided in the Articles) create or issue any shares ranking as regards order in the participation in the profits of the Company or in the assets of the Company on a winding-up or otherwise in priority to the Convertible Preference Shares, but the Company may create or issue, without obtaining the consent of the Convertible Preference Shareholders, shares ranking *pari passu* in all respects (including as to class) with the Convertible Preference Shares.

(5) Conversion

- (A) Each Convertible Preference Share shall confer on the holder thereof the Conversion Right.
- (B) Subject to Article 5A(5)(D), 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 held by him/ her/ it at any time during the Conversion Period subject to the provisions of the Statutes and any other applicable fiscal and other laws and regulations by delivering a duly signed and completed Conversion Notice to the Company accompanied by:
 - (a) the Certificates in respect of the Relevant Convertible Preference Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such Certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require); and
 - (b) banker's cashier orders or similar instruments payable to the Company in respect of all taxes and stamp, issue and registration duties (if any) arising on conversion.

A Conversion Notice shall not be effective if:

- (i) it is not accompanied by the Certificates in respect of the Relevant Convertible Preference Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such Certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require);
 - (ii) it is not accompanied by banker's cashier orders or similar instruments payable to the Company in respect of all taxes and stamp, issue and registration duties (if any) arising on conversion; and
 - (iii) it does not include a declaration and confirmation that (a) the beneficial owner of the Relevant Convertible Preference Shares, and of the Conversion Shares, is not a resident or national of any foreign jurisdiction where the exercise of the Conversion Rights attached to the Relevant Convertible Preference Shares is prohibited by any law or regulation of that jurisdiction or where compliance with such laws or regulations would require filing or other action by the Company; or that delivery of the Relevant Convertible Preference Shares or Conversion Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable; and (b) to the extent that following such conversion, it will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the Converting Shareholder and parties acting in concert with it in relation to the securities of the Company.
- (C) The number of Conversion Shares to be issued on each conversion shall be determined by dividing the aggregate Reference Amount of the Relevant Convertible Preference Shares by the Conversion Price applicable on the Conversion Date provided that no fraction of an Ordinary Share arising on conversion shall be allotted and all fractional entitlements shall be dealt with in accordance with Article 5A(11).

- (D) Conversion of the Convertible Preference Shares shall be effected in such manner as the Directors shall, subject to these Terms, these Articles, the Statutes and to any other applicable law and regulations, from time to time determine provided that no conversion shall take place (i) to the extent that following such conversion, it will trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Converting Shareholder and parties acting in concert with it in relation to the securities of the Company; or (ii) 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. For the avoidance of doubt, the Company shall have the right not to issue any Conversion Share(s) to such holder(s) of the Convertible Preference Share(s) exercising the Conversion Rights in either of the circumstances specified in (i) or (ii) above in this Article 5A(5)(D).
- (E) Mechanics of Conversion: the Company shall cancel the Relevant Convertible Preference Shares and in consideration of which the Company shall issue to the relevant Converting Shareholder all Conversion Shares issuable upon such conversion in accordance with this Article 5A(5).
- (F) The Company shall allot and issue the Conversion Shares to the Converting Shareholder and shall register the Converting Shareholder as holder(s) of the relevant number of Conversion Shares in the Register and procure that certificates in respect of the Conversion Shares, together with a new Certificate for any unconverted Convertible Preference Shares comprised in the Certificate(s) surrendered by the Converting Shareholder, are issued within 5 Business Days after the relevant Conversion Date. Such conversion shall be deemed to have been made at the close of business on the date when the register of Shareholders of the Company is updated, and the person entitled to receive the Conversion Shares issuable upon such conversion shall be treated, for all purposes, as the record holder of such Conversion Shares on such date (the “**Entry Date**”). If the Converting Shareholder has also requested in the Conversion Notice, and to the extent permitted under the rules and procedures of the CCASS effective from time to time, all necessary actions should be taken to procure delivery of the Conversion Shares through the CCASS for so long as the Ordinary Shares are listed on the Stock Exchange.

- (G) If and whenever any conversion takes place after the occurrence of an event specified in Article 5A(7)(A) or Article 5A(7)(AA) but before the amount of the relevant adjustment to the Conversion Price (if any) shall have been calculated in accordance with the provisions of Article 5A(7) (A) or Article 5A(7)(AA) (as applicable), the Conversion Date shall be deemed to fall on the Business Day after the date the adjustment made to the Conversion Price in respect of the relevant event has become effective.
- (H) In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company at the same time it despatches such notice to each Shareholder shall give notice thereof to all Convertible Preference Shareholders (together with a notice of the existence of the provisions of this Article 5A(5)(H)) and thereupon, each Convertible Preference Shareholder shall be entitled to exercise all or any of his/ her/ its Conversion Rights at any time not later than five Business Days prior to the date of the general meeting of the Company by providing the Company a Conversion Notice duly completed and executed together with the Certificates, cashier orders and, where appropriate, other items listed in Article 5A(5)(B)(a) and (b) whereupon the Company shall, subject to the Statutes, as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the general meeting, allot the Conversion Shares to the holder(s) of the Relevant Convertible Preference Shares, credited as fully paid. There shall not be any issuance of Conversion Shares and/or alteration in the status of the Shareholders after the commencement of winding-up unless permitted under the Statutes.
- (I) Effective on the Conversion Date, the rights of the Converting Shareholder in respect of Convertible Preference Shares whose Conversion Rights have been exercised shall cease. For the avoidance of doubt, the right of the relevant Converting Shareholder to Dividend shall cease to accrue from the Conversion Date in respect of the Convertible Preference Shares being the subject of the Conversion Notice. Subject to Articles 5A(2)(C) and 5A(2)(D), any Dividend accrued and payable to the relevant Converting Shareholder in respect of the Convertible Preference Shares being the subject of the Conversion Notice before

the Conversion Date in any given year ending on 31 December shall be payable to the relevant Converting Shareholder on 15 April of the following year (or the Business Day immediately before 15 April if such date is not a Business Day) out of the profits of the Company lawfully available for distribution and resolved by the Board to be distributed. The relevant Conversion Shares shall be credited as fully paid and, subject to the proviso of Article 5A(6), 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 Entry Date of such Conversion Shares.

(5A) 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.

(5B) Restriction against conversion of the Convertible Preference Shares

Notwithstanding any provisions in this Article 5A, no Convertible Preference Shareholder shall be entitled to exercise the Conversion Rights to convert the Convertible Preference Shares into Ordinary Shares at any time ~~during the period of 5 years commencing from the Issue~~ on or before the Effective Date, regardless of whether the then Conversion Price in force is higher than the then market price of the Ordinary Shares or the then consolidated net asset value of the Company attributable to each Ordinary Share.

(6) Conversion Shares

The Conversion Shares shall, save as provided for in these provisions, rank *pari passu* in all respects with the Ordinary Shares in issue on the Entry Date, and shall, subject to the proviso of this Article 5A(6), entitle the holders thereof to all distributions paid or made on the Ordinary Shares by reference to a Record Date falling after the Entry Date, provided that if a Record Date after the Entry 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 the Conversion Shares will not be entitled to such distribution.

(7) Adjustments to the Conversion Price

- (A) If while any of the Convertible Preference Shares remain outstanding, the Company shall sub-divide or consolidate the Ordinary Shares or shall issue any 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. Each such adjustment shall be effective from the commencement of business in Hong Kong on the Business Day immediately following the date on which such consolidation or sub-division or bonus issue becomes effective.
- (AA) If the Company should issue, at any time on or before (and including) 30 June 2018, any new shares or convertible securities of the Company to any person other than a person who is a Convertible Preference Shareholder on the date of such new issuance (the “New Issuance”), the Conversion Price shall be reduced, concurrently with and effective from the completion of the New Issuance, to HK\$3.0, provided that: (i) such Conversion Price shall only be HK\$3.0 in respect of such number of Convertible Preference Shares (in such integral multiple) (the “Adjusted Convertible Preference Shares”) which will enable the Converting Shareholder to increase its shareholding to no less than, but closest to, its equity shareholding (excluding its shareholding in any Convertible Preference Shares) in the Company (taking into account the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the Convertible Preference Shares) on an as converted and fully dilutive basis) immediately before completion of the New Issuance; and (ii) the number of Adjusted Convertible Preference Shares shall not exceed 203,466,429.
- (B) Save as provided in ~~Article~~Articles 5A(7)(A) and 5A(7)(AA), 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, right issue and other issue of shares, option to subscribe for or any other securities convertible into Ordinary Shares.
- (C) On any adjustment, the resultant Conversion Price, if not an integral multiple of one-tenth (1/10) of a Hong Kong cent, shall be rounded down to the nearest one-tenth (1/10) of a Hong Kong cent.

- (D) Whenever the Conversion Price is adjusted as herein provided, the Company shall, as soon as possible, but not later than five (5) Business Days after the relevant adjustment has been determined, give notice of the same to the Convertible Preference Shareholder(s) (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof). For the avoidance of doubt, nothing herein should oblige the Company to disclose any information which is not public information to the Convertible Preference Shareholder(s) or where it is not legally permissible to disclose such information.
- (E) Any adjustment to the Conversion Price shall not in any event result in an increase in the Conversion Price (except upon any consolidation of the Ordinary Shares).
- (F) Every adjustment to the Conversion Price shall be certified in writing by an approved investment bank unless otherwise agreed by the Convertible Preference Shareholder(s).
- (G) The Company shall make available for inspection at its principal place of business in Hong Kong at all times after the effective date of the adjustment in the Conversion Price and so long as any Convertible Preference Shares remain outstanding, a signed copy of the certificate of the approved investment bank and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request of a Convertible Preference Shareholder(s), send a copy thereof to such Convertible Preference Shareholder(s).

(8) Undertakings

So long as any Convertible Preference Share remains capable of being converted into Ordinary Shares:

- (A) the Company will use its reasonable endeavours (a) to maintain a listing for all the issued Ordinary Shares on the Stock Exchange, and (b) to obtain and maintain a listing on the Stock Exchange for all Conversion Shares issued on the exercise of the Conversion Rights;

- (B) the Company will send to each Convertible Preference Shareholder, by way of information, one copy of every document sent to any Shareholder in their capacity as shareholders, at the same time as it is sent to such Shareholder; and
- (C) without the prior consent from the Convertible Preference Shareholders obtained in the manner mentioned below, the Company shall not, at any time ~~during the period of five years commencing from the Issue on~~ or before the Effective Date, 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 (AA) 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 (BB) the total number of the Ordinary Shares in issue on the Relevant Date, PROVIDED THAT the above restriction shall not apply to:
- (i) an issue of Ordinary Shares upon the exercise of the Conversion Rights to convert the Convertible Preference Shares into Ordinary Shares; or
 - (ii) the granting of options from time to time which carry rights to acquire, or the issue upon exercise of such options of, Ordinary Shares to eligible participants pursuant to any share option scheme of the Company adopted for the benefits of, inter alia, the employees of the Group.

The above consent for issue of new Ordinary Shares shall be deemed to be obtained with the consent in writing of the holders of not less than 75% of the total voting rights of the Convertible Preference Shareholders or with the sanction of a special resolution passed at a separate general meeting of the Convertible Preference Shareholders.

(9) Meetings

- (A) The Convertible Preference Shares shall not confer on the holders thereof the right to attend and vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting of the Company for winding up the Company or a resolution is to be proposed which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the Convertible Preference Shareholders, in which event the Convertible Preference Shares shall confer on the holder thereof the right to receive notice of, and to attend and vote at, that general meeting, save that such holders may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding up or the resolution which if passed would (subject to any consents required for such purpose being obtained) so vary or abrogate the rights and privileges of the Convertible Preference Shareholders.
- (B) If the Convertible Preference Shareholders are entitled to vote on any resolution, then at the relevant general meeting or separate general meeting of the Convertible Preference Shareholders, all resolutions put to the vote at the general meeting must be decided by way of poll and every Convertible Preference Shareholder who is present in person or by proxy or attorney or (being a corporation) by a duly authorized representative shall have one vote for each Conversion Share which would have been issued to him/her/it had he/she/it exercised the Conversion Right 48 hours preceding the date of such general meeting or separate general meeting of the Convertible Preference Shareholders.

(10) Payments

- (A) Unless any other manner of payment is agreed between the Company and any Convertible Preference Shareholder, payment of Dividends, other cash distributions and moneys due on conversion to such Convertible Preference Shareholder shall be made by the Company posting a cheque in Hong Kong dollars (or in the case of payments which are to be made in another currency, such other currency) addressed to that Convertible Preference Shareholder at his/her/its registered address appearing on the Preference Register as at the relevant Record Date and at his/her/its own risk.

- (B) Subject to Article 5A(10)(A), where any property (including Conversion Shares and share certificates in respect of them) is to be allotted, transferred or delivered to any Convertible Preference Shareholder, the Company may make such arrangements with regard to such allotment, transfer or delivery as it may deem appropriate and in particular, without limitation, may appoint any person on behalf of that Convertible Preference Shareholder to execute any transfers, renunciations or other document and may make arrangements for the delivery of any document or property to that Convertible Preference Shareholder at his/her/its risk. All share certificates and other documents of title to which any person is entitled shall be posted to him/her/it by the Company addressed to him/her/it at his/her/its registered address appearing on the Preference Register as at the relevant Record Date or, if none, the date of posting and at his/her/its risk.
- (C) All payments or distributions with respect to Convertible Preference Shares held jointly by two or more persons shall be paid or made to whichever of such persons is named first in the Preference Register and the making of any payment or distribution in accordance with this sub-provision shall discharge the liability of the Company in respect thereof.

(11) Fractions

No fraction of an Ordinary Share arising on conversion shall be allotted to the holder of the Relevant Convertible Preference Share(s) otherwise entitled thereto but such fractions will, when practicable, be aggregated and sold and the net proceeds of sale will then be distributed pro rata among such holders unless in respect of any holding of Relevant Convertible Preference Shares the amount to be so distributed would be less than HK\$100, in which case such amount will not be so distributed but will be retained for the benefit of the Company. Unless otherwise agreed between the Company and a Converting Shareholder, if more than one Convertible Preference Share shall fall to be converted pursuant to any one Conversion Notice, the number of Ordinary Shares to be issued upon conversion shall be calculated on the basis of the aggregate Reference Amounts of the Relevant Convertible Preference Shares. For the purpose of implementing the provisions of this Article 5A(11), the Company may appoint some person to execute transfers, renunciations or other documents on behalf of persons entitled to any such fraction and generally may make all arrangements which appear to it to be necessary or appropriate for the settlement and disposal of fractional entitlements.

(12) Taxation

All payments of amounts equal to the Reference Amount and Dividends in respect of Convertible Preference Shares shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or any authority therein or thereof (other than any withholding or deduction on account of any income tax, capital gains tax or other tax or duties of a similar nature) unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

(13) Restricted Holders

No Convertible Preference Shares may be allotted and issued to any individual or entity who shall as a result become, and no Conversion Rights may be exercised by any Convertible Preference Shareholder who is, a Restricted Holder (as hereinafter defined). The exercise of any Conversion Rights by a Convertible Preference Shareholder shall constitute a confirmation, representation and warranty by the Converting Shareholder to the Company that such Converting Shareholder is not a Restricted Holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by such Converting Shareholder to enable him/her/it to exercise legally and validly the relevant Conversion Rights, to hold the Conversion Shares allotted and issued upon exercise of the Conversion Rights and the Company to legally and validly allot the Conversion Shares. For the purposes of this Article 5A(13), a “Restricted Holder” means a Convertible Preference Shareholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of Conversion Rights by such Convertible Preference Shareholder or the performance by the Company of the obligations expressed to be assumed by it under these Terms or the allotment and issue and holding of the Convertible Preference Shares and/or the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction.

(14) Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Company upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require and on payment of such fee as the Company may determine. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

(15) Notices

Subject to the Statutes, a notice given pursuant to this Article 5A may not be revoked except with the consent in writing of the Company. Notices to Convertible Preference Shareholders shall be given in accordance with these Articles.

(16) Transfers and Certificates

- (A) The provisions of these Articles relating to the transfer of shares and share certificates shall apply in relation to the Convertible Preference Shares, subject to the provisions of this Article 5A and the Statutes.
- (B) The Company shall maintain and keep a full and complete register at such location in Hong Kong as it shall from time to time determine of the Convertible Preference Shares and the Convertible Preference Shareholders from time to time. Such register shall contain details of conversion and/or cancellation of any Convertible Preference Shares and the issue of any replacement Certificates issued in substitution for any mutilated, defaced, lost, stolen or destroyed Certificates and of sufficient identification details of all Convertible Preference Shareholders from time to time.
- (C) All Convertible Preference Shares are transferable, except where any Convertible Preference Share is intended to be transferred to a connected person (as defined in the Listing Rules) of the Company (other than the associate (as defined in the Listing Rules) 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).

(17) Prescription

Any Convertible Preference Shareholder who has failed to claim distributions or other property or rights within six years of their having been made available to him/her/it will not thereafter be able to claim such distributions or other property or rights which shall be forfeited and reverted to the Company. The Company shall retain such distributions or other property or rights but shall not at any time be a trustee in respect of any such distributions or other property or rights nor accountable for any income or other benefits derived therefrom.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTEREST IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the underlying shares of equity derivative of the Company

Under the share option scheme of the Company dated 23 June 2011, share options were granted to the following Directors which entitled them to subscribe for the Ordinary Shares. Accordingly, they were regarded as interested in the underlying Ordinary Shares. Details of the share options of the Company held by them as at the Latest Practicable Date were as follow:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Ordinary Shares over which options are exercisable as at the Latest Practicable Date	Exercise price per Share HK\$	Approximate percentage of interest in the issued Ordinary Shares as at the Latest Practicable Date
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.887%
SUM Pui Ying	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	2,000,000 (L)	1.40	0.443%
		9 August 2013	9 August 2013 — 22 June 2021	16,000,000 (L)	0.96	3.548%
			Total:	18,000,000 (L)		3.991%
CUI Yueming	Beneficial owner	9 March 2015	9 March 2015 — 22 June 2021	790,000 (L)	1.27	0.175%
LAI Kwok Hung, Alex	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.665%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
			Total:	3,500,000 (L)		0.776%
LI Hongbo	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	1,000,000 (L)	0.96	0.222%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
			Total:	1,500,000 (L)		0.333%

Note:

The letter “L” denotes a long position in the Ordinary Shares.

Long position in the shares of the associated corporation(s) of the Company

As at the Latest Practicable Date, the interests of the Directors in the shares of Sino-Ocean (Sino-Ocean together with its subsidiaries are referred to as the “**Sino-Ocean Group**”) (being an associated corporation of the Company) were as follows:

Name of Director	Capacity	Number of shares in Sino-Ocean	Approximate percentage of interest in the issued share capital of Sino-Ocean as at the Latest Practicable Date
LI Ming	Beneficial owner	3,127,000 (L)	0.041%
	Founder of discretionary trust	127,951,178 (L)	1.687%
		<i>(Note 1)</i>	
	Beneficiary of trust	11,730,874 (L)	0.155%
		<i>(Note 2)</i>	
	Total:	142,809,052 (L)	1.882%
SUM Pui Ying	Beneficial owner	2,557,351 (L)	0.034%
CUI Yueming	Beneficial owner	197,135 (L)	0.003%
LI Hungbo	Beneficial owner	15,371 (L)	less than 0.001%

Notes:

1. The 127,951,178 shares in Sino-Ocean are held by a discretionary trust of which Mr. LI Ming is a founder.
2. The 11,730,874 shares in Sino-Ocean are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
3. The letter “L” denotes a long position in the shares in Sino-Ocean.

Long position in the underlying shares of equity derivatives of the associated corporation(s) of the Company

Sino-Ocean has adopted two schemes for the benefits of eligible directors and employees of the Sino-Ocean Group in order to provide an incentive for directors and employees of the Sino-Ocean Group.

One of the schemes is the restricted share award scheme adopted by Sino-Ocean on 22 March 2010 (the “**Adoption Date**”) as an incentive to retain and encourage the employees of the Sino-Ocean Group for the continual operation and development of the Sino-Ocean Group. Pursuant to the restricted share award scheme, shares up to 3% of the issued share capital of Sino-Ocean as at the Adoption Date shall be purchased by the trustee from the market out of cash contributed by the Sino-Ocean Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the restricted share award scheme.

In respect of the restricted share award scheme of Sino-Ocean, the following Directors were granted certain share awards under the restricted share award scheme and were accordingly regarded as having an interest in the shares of Sino-Ocean (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of share awards held by them as at the Latest Practicable Date were as follows:

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at the Latest Practicable Date	Approximate
				percentage of interest in the issued share capital of Sino-Ocean as at the Latest Practicable Date
LI Ming	Beneficial owner	18 March 2015	201,626 (L)	0.003%
		25 March 2016	701,700 (L)	0.009%
		31 March 2017	2,280,000 (L)	0.030%
		Total:	3,183,326 (L)	0.042%

Name of Directors	Capacity	Date of grant	Approximate percentage of interest in the issued share capital of Sino-Ocean as at the Latest Practicable Date	
			Number of shares in Sino-Ocean awarded but not yet vested as at the Latest Practicable Date	
SUM Pui Ying	Beneficial owner	18 March 2015	72,585 (L)	0.001%
		25 March 2016	246,564 (L)	0.003%
		31 March 2017	680,000 (L)	0.009%
		Total:	999,149 (L)	0.013%
CUI Yueming	Beneficial owner	18 March 2015	8,066 (L)	less than 0.001%
		25 March 2016	36,714 (L)	less than 0.001%
		31 March 2017	180,000 (L)	0.002%
		Total:	224,780 (L)	0.003%
LI Hongbo	Beneficial owner	18 March 2015	8,066 (L)	less than 0.001%
		25 March 2016	61,164 (L)	0.001%
		31 March 2017	180,000 (L)	0.002%
		Total:	249,230 (L)	0.003%

Note: The letter “L” denotes a long position in the shares in Sino-Ocean.

The other scheme is the share option scheme of Sino-Ocean, which is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated earlier in accordance with the provisions of such share option scheme. This scheme was adopted for the purpose of providing an incentive for employees of the Sino-Ocean Group to work with commitment towards enhancing the value of Sino-Ocean and to compensate employees of the Sino-Ocean Group for their contribution based on their individual performance. Under the share option scheme of Sino-Ocean, share options may be granted to eligible directors and employees of Sino-Ocean Group to subscribe for new shares in Sino-Ocean. As at the Latest Practicable Date, the abovementioned share option scheme of Sino-Ocean has expired, nonetheless the share options already granted under such scheme before its expiration remained valid.

Regarding the abovementioned share option scheme adopted by Sino-Ocean, as at the Latest Practicable Date, the following Directors had been granted share options to subscribe for shares in Sino-Ocean and were accordingly regarded as interested in the underlying shares of Sino-Ocean (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of the share options of Sino-Ocean held by them as at the Latest Practicable Date were as follows:

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 4)	Number of shares in Sino-Ocean over which options are exercisable as at the Latest Practicable Date	Exercise price per share HK\$	Approximate percentage of interest of such share options held as at the Latest Practicable Date relative to the issued share capital of Sino-Ocean as at the Latest Practicable Date
						Latest Practicable Date
LI Ming	Beneficial owner	27 August 2015	(Note 1)	1,800,000 (L)	4.04	0.024%
		13 April 2016	(Note 2)	<u>20,000,000 (L)</u>	3.80	0.264%
		Total:		21,800,000 (L)		0.287%
SUM Pui Ying	Beneficial owner	27 August 2015	(Note 1)	800,000 (L)	4.04	0.011%
		13 April 2016	(Note 2)	<u>5,000,000 (L)</u>	3.80	0.066%
		Total:		5,800,000 (L)		0.076%
CUI Yueming	Beneficial owner	27 August 2015	(Note 1)	135,000 (L)	4.04	0.002%
		13 April 2016	(Note 2)	2,300,000 (L)	3.80	0.030%
		24 August 2017	(Note 3)	<u>1,000,000 (L)</u>	4.70	0.013%
		Total:		3,435,000 (L)		0.045%
LI Hongbo	Beneficial owner	27 August 2015	(Note 1)	210,000 (L)	4.04	0.003%
		13 April 2016	(Note 2)	2,890,000 (L)	3.80	0.038%
		24 August 2017	(Note 3)	<u>2,000,000 (L)</u>	4.70	0.026%
		Total:		5,100,000 (L)		0.067%

Notes:

1. Exercisable from 27 August 2016 to 26 August 2020.
2. Exercisable from 13 April 2017 to 12 April 2021.
3. Exercisable from 24 August 2018 to 23 August 2022.
4. All the above share options of Sino-Ocean granted are exercisable within a five-year period in which 40% of the options become exercisable 1 year from the grant date; 70% of the options become exercisable 2 years from the grant date; and all options become exercisable 3 years from the grant date.
5. The letter “L” denotes a long position in the shares in Sino-Ocean.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Nature of interest/capacity	Number of Ordinary Shares/ underlying Ordinary Shares	Approximate percentage of the issued Ordinary Shares as at the Latest Practicable Date
Sino-Ocean	Interest of controlled corporation (<i>Note 2</i>)	1,141,837,959 (L)	253.18%
Shine Wind Development Limited	Interest of controlled corporation (<i>Note 2</i>)	1,141,837,959 (L)	253.18%
Faith Ocean International Limited	Interest of controlled corporation (<i>Note 2</i>)	1,141,837,959 (L)	253.18%
Sino-Ocean Land (Hong Kong) Limited (“SOL HK”)	Interest of controlled corporation (<i>Note 2</i>)	1,141,837,959 (L)	253.18%
Grand Beauty	Beneficial owner	312,504,625 (L)	69.29%
	Beneficial owner	829,333,334 (L)	183.89%
		<i>(Note 1)</i>	
		Total: 1,141,837,959	253.18%

Notes:

- These shares represent the 829,333,334 underlying Ordinary Shares (assuming the Proposed CPS Amendments and the Proposed Capital Reduction have not become effective) which may be allotted and issued to Grand Beauty, upon exercise in full the conversion rights attaching the remaining 829,333,334 non-voting convertible preference shares issued by the Company on 23 December 2014.
- Grand Beauty was wholly-owned by SOL HK. SOL HK was wholly-owned by Faith Ocean International Limited which was in turn wholly-owned by Shine Wind Development Limited. Shine Wind Development Limited was wholly-owned by Sino-Ocean. In view of their respective direct or indirect 100% shareholding interest in Grand Beauty, each of SOL HK, Faith Ocean International Limited, Shine Wind Development Limited and Sino-Ocean was deemed under the SFO to be interested in the 1,141,837,959 Shares in which Grand Beauty was interested.
- The letter “L” denotes a long position in the Ordinary Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, no other person, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (i) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualifications
First Shanghai Capital Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed CPS Amendments, the Second Supplemental Deed and the transactions contemplated thereunder, and the proposed adoption of new Articles

As at the Latest Practicable Date, the Independent Financial Adviser (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which they respectively appear.

10. GENERAL

- (i) The registered office and principal place of business of the Company is Room 3902, 39th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong.
- (ii) The share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) The company secretary of the Company is Ms. YUE Pui Kwan, who is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Company Secretaries.
- (iv) In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Room 3902, 39th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (i) the Second Supplemental Deed;
- (ii) the Second Cancellation Deed;
- (iii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 24 to 25 of this circular;
- (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 26 to 48 of this circular;
- (v) the written consent referred to in the section headed "Expert and consent" in this appendix; and
- (vi) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Gemini Investments (Holdings) Limited (the “**Company**”) will be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Hong Kong on Wednesday, 28 March 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions numbered 1 and 2 as special resolutions and the following resolution numbered 3 as an ordinary resolution of the Company:

SPECIAL RESOLUTION

1. Adoption of new amended Articles of Association

“THAT

- (a) the articles of association of the Company be amended by the deletion in its entirety of the existing Article 5A and the substitution of a new Article 5A, which incorporates the new terms of the Convertible Preference Shares, therefor as set out in the printed document produced to the EGM marked “A” and initialled by the chairman of the EGM for the purpose of identification (the “**New Amended Articles**”) and the New Amended Articles be and are hereby approved and adopted as the new amended Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association of the Company;

NOTICE OF EGM

- (b) the New Amended Articles shall take effect at the end of the period of 28 days from the date hereof, which is the date of variation, pursuant to Section 180(4) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”); and
- (c) any one director of the Company or the secretary of the Company be and is hereby authorised to do all things necessary to effect and record the adoption of the New Amended Articles.”

2. Reduction of Share Capital

“**THAT**

- (a) conditional only upon the satisfaction of either one of the conditions set out in paragraph (b) of this special resolution and subject to any conditions imposed in accordance with paragraph (c) of this special resolution, the reduction of the amount standing to the credit of the share capital account of the Company by a sum equal to HK\$130,000,002 by cancelling and extinguishing 43,333,334 convertible preference shares of the Company (“**Capital Reduction**”) be and is hereby approved and the Directors be and are hereby authorized to credit the reduced share capital to a capital reduction reserve account of the Company and such reserve arising from the Capital Reduction is to be regarded as a realized profit pursuant to Section 214 of the Companies Ordinance which shall be available for set off against any accumulated losses and/or make distribution to the shareholders of the Company in the future when appropriate or as the Directors may think fit;
- (b) the approval and authorisation set out in paragraph (a) of this special resolution shall be conditional upon either (i) there being no application (“**Application**”) to the Court of First Instance of the High Court of Hong Kong (“**Court**”) for cancellation of the approval of the Capital Reduction, set out in this special resolution, by members of the Company or creditors of the Company within five weeks of the date of this special resolution; or (ii) if any such Application is made, the Court making an order to confirm this special resolution;
- (c) if such an Application is made and the Court makes an order to confirm this special resolution upon the Application, the approval and authorization in paragraph (a) of this special resolution shall be subject to any conditions that may be imposed by the Court; and

NOTICE OF EGM

- (d) the Company be and is hereby authorised generally to do all acts and things as may be necessary, desirable or expedient to implement or to give effect to the foregoing.”

ORDINARY RESOLUTION

3. “**THAT** conditional upon the passing of the special resolution numbered 1 set out in this Notice (the “**Special Resolution**”):
- (a) the second supplemental deed dated 26 January 2018 entered into between Grand Beauty Management Limited and the Company (the “**Second Supplemental Deed**”) in relation to the amendment of the terms and conditions of non-voting convertible preference shares in the capital of the Company (the “**Convertible Preference Shares**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company be and are hereby authorized to take all steps necessary to allot and issue the new ordinary shares of the Company which may fall to be allotted and issued upon the exercise of the conversion rights attached to 829,333,334 Convertible Preference Shares at the relevant conversion price in accordance with the New Amended Articles (the “**Conversion Shares**”); and
- (c) the directors of the Company be and are hereby authorized to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Second Supplemental Deed and the transactions contemplated thereunder and the issue of the Conversion Shares.

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

Hong Kong, 28 February 2018

NOTICE OF EGM

Notes:

- (a) A member entitled to attend and vote at the EGM may appoint a proxy or, if holding two or more ordinary shares, more than one proxy to attend, and speak and vote at, the EGM or any adjournment thereof (as the case may be) on his behalf. If a member appoints more than one proxy, he must specify the number of ordinary shares each proxy is appointed to represent. A proxy need not be a member of the Company.
- (b) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).
- (c) The register of members of the Company will be closed from Friday, 23 March 2018 to Wednesday, 28 March 2018, both days inclusive, during which period no transfer of ordinary shares will be registered. In order to qualify for attending and voting at the EGM, all relevant transfer documents accompanied by the relevant Share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 22 March 2018 for registration.
- (d) Where there are joint registered holders of any ordinary share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such ordinary share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such ordinary share(s) shall alone be entitled to vote in respect thereof.

As at the date of this notice, the directors of the Company 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