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**盛洋投資**

**Gemini Investments (Holdings) Limited**

**盛洋投資（控股）有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 174)**

## **MAJOR TRANSACTION**

### **REINSTATEMENT AND SECOND AMENDMENT TO THE PURCHASE AND SALE AGREEMENT IN RELATION TO THE DISPOSAL OF PROPERTY IN THE U.S.**

#### **AMENDED AND REINSTATED PURCHASE AND SALE AGREEMENT**

Reference is made to the announcements of Gemini Investments (Holdings) Limited (the “**Company**”) dated (i) 26 October 2021 in relation to, among other things, the entering into the Purchase and Sale Agreement; and (ii) 8 November 2021 in relation to, the subsequent termination of the Purchase and Sale Agreement pursuant to the written termination notice received from the Purchaser on 29 October 2021 (U.S. Eastern Time) (collectively, the “**Announcements**”).

The Board wishes to announce that the Vendor received a written notice from the Purchaser to terminate of the Purchase and Sale Agreement on 29 October 2021 (U.S. Eastern Time) (i.e. immediately before the expiry of the Feasibility Period). Before and after the Termination, the Vendor and the Purchaser had been in continued negotiations on the terms of the Second Amendment, in particular, the consideration. As a result of such continued negotiations, on 24 November 2021 (U.S. Eastern Time), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Second Amendment with the Purchaser, pursuant to which among other things, the Vendor and the Purchaser agreed to reinstate, ratify and confirm the Purchase and Sale Agreement (as amended by the Second Amendment) as if it had not been terminated. Pursuant to the Amended and Reinstated Purchase and Sale Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Property for an aggregate consideration of US\$22,350,000 (equivalent to approximately HK\$173,213,000) subject to and upon, inter alia, the terms and conditions of the Amended and Reinstated Purchase and Sale Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement exceeds 25% but is less than 75%, the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The GM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement. To the best of the Directors knowledge, information and belief, as at the date of this announcement, no Shareholder has a material interest in the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement, and accordingly no Shareholder will be required to abstain from voting on the relevant resolutions at the GM.

## **GENERAL**

A circular containing, amongst other things, details of the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement, the valuation report with respect to the Property, a notice convening the GM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 16 December 2021 in accordance to the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated (i) 26 October 2021 in relation to, among other things, the entering into the Purchase and Sale Agreement; and (ii) 8 November 2021 in relation to, the subsequent termination of the Purchase and Sale Agreement pursuant to the written termination notice received from the Purchaser on 29 October 2021 (U.S. Eastern Time). Capitalized terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

The Board announces that the Vendor received a written notice from the Purchaser to terminate of the Purchase and Sale Agreement on 29 October 2021 (U.S. Eastern Time) (i.e. immediately before the expiry of the Feasibility Period). As such, any deposits deposited with the Escrow Agent prior to the Termination were refundable to the Purchaser pursuant to the Purchase and Sale Agreement. As the Purchaser had deposited the initial deposit of US\$250,000 (equivalent to approximately HK\$1,938,000) to the Escrow Agent prior to the Termination, the total amount of the deposit refundable to the Purchaser under the Purchase and Sale Agreement is US\$250,000 (approximately HK\$1,938,000). Notwithstanding the above, up to the date of this announcement, the Purchaser still has not requested for a refund of such initial deposit, such initial deposit is still being held in escrow by the Escrow Agent and shall be applied towards the payment of the Initial Deposit under the Amended and Reinstated Purchase and Sale Agreement. As at the date of the Termination, none of the conditions to closing under the Purchase and Sale Agreement had been fulfilled.

Before and after the Termination, the Vendor and the Purchaser had been in continued negotiations on the terms of the Second Amendment, in particular, the consideration. As a result of such continued negotiations, on 24 November 2021 (U.S. Eastern Time), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Second Amendment with the Purchaser, pursuant to which among other things, the Vendor and the Purchaser agreed to reinstate, ratify and confirm the Purchase and Sale Agreement, which has the effect of reinstating the Purchase and Sale Agreement (as amended by the Second Amendment) as if it had not been terminated. Pursuant to the Amended and Reinstated Purchase and Sale Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property for an aggregate consideration of US\$22,350,000 (equivalent to approximately HK\$173,213,000) subject to and upon, inter alia, the terms and conditions of the Amended and Reinstated Purchase and Sale Agreement.

## **THE AMENDED AND REINSTATED PURCHASE AND SALE AGREEMENT**

The principal terms of the Amended and Reinstated Purchase and Sale Agreement are summarized as follows:

### **Date**

24 November 2021 (U.S. Eastern Time)

### **Parties**

- (i) SouthCourt Operating LLC (as vendor); and
- (ii) Crescent Acquisitions, LLC (as purchaser).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **The Property**

The Property is the office building wholly-owned by the Vendor and is located at 3211 Shannon Road, Durham, North Carolina 27707, the U.S..

### **Consideration**

The total consideration for the Disposal is US\$22,350,000 (equivalent to approximately HK\$173,213,000), which was determined after arm's length negotiations between the Vendor and Purchaser on normal commercial terms with reference to, among other things, (i) the valuation of the Property by an independent professional valuer as at 30 September 2021 of US\$20,900,000 (equivalent to approximately HK\$161,975,000); (ii) the property evaluation proposals from brokers on the market price of the Property; and (iii) the prevailing market conditions of the property market in the U.S.. In determining the Consideration, the Vendor has also considered recent offers from other potential buyers of the Property.

The Consideration shall be paid by the Purchaser in cash in the following manner:

- (1) US\$250,000 (equivalent to approximately HK\$1,938,000), which has been deposited by the Purchaser to an account as designated by the Escrow Agent and held in escrow by the Escrow Agent pursuant to the terms of the Purchase and Sale Agreement (the “**Initial Deposit**”);
- (2) US\$250,000 (equivalent to approximately HK\$1,938,000) (the “**Additional Deposit**” and together with the Initial Deposit, the “**Deposits**”) shall be deposited by the Purchaser to an account as designated by the Escrow Agent as a non-refundable deposit (except for the Vendor’s failure or inability to close or as otherwise expressly provided in the Purchase and Sale Agreement) within 2 business days following the date of the Second Amendment; and
- (3) an amount equal to the Consideration, less the Deposits and as adjusted for any credits or prorations pursuant to the Amended and Reinstated Purchase and Sale Agreement shall be paid to the Vendor by the Purchaser through the Escrow Agent on the Closing Date.

### **Conditions to Closing**

The Purchaser’s obligation to purchase the Property is conditional upon satisfaction (or waiver by the Purchaser in writing) of the following:

- (1) the Vendor materially performing and complying with all of the terms of the Amended and Reinstated Purchase and Sale Agreement to be performed and complied with by the Vendor prior to or at the Closing;
- (2) all of the representations and warranties of the Vendor set forth in the Amended and Reinstated Purchase and Sale Agreement shall be true, accurate and complete in all respects as of the Closing Date;
- (3) the Vendor shall have delivered to the Purchaser title to the Property as required in the Amended and Reinstated Purchase and Sale Agreement, subject to certain permitted exceptions; and
- (4) the Vendor shall have delivered all of the closing documents as described in the Amended and Reinstated Purchase and Sale Agreement.

The Vendor’s obligation to sell the Property is conditional upon satisfaction (or waiver by Vendor in writing) of the following:

- (1) all of the representations and warranties of the Purchaser set forth in the Amended and Reinstated Purchase and Sale Agreement shall be true, accurate and complete in all respects as of the Closing Date, except for those representations and warranties expressly made only as of the date of the Amended and Reinstated Purchase and Sale Agreement (which shall nonetheless be true as of such date);

- (2) the Purchaser shall have delivered the Consideration to the Vendor in accordance with the terms of the Amended and Reinstated Purchase and Sale Agreement; and
- (3) the Purchaser shall have delivered all of the closing documents as described in the Amended and Reinstated Purchase and Sale Agreement.

## **Closing**

Closing shall take place through an escrow arrangement with the Escrow Agent on 11 January 2022 (U.S. Eastern Time).

## **INFORMATION OF THE GROUP AND THE VENDOR**

The Company is an investment holding company incorporated in Hong Kong with limited liability. The Group is principally engaged in property investments in the U.S. and Hong Kong, property developments in the U.S. and other operations (including fund investments and securities investments).

The Group's investments in the property market in the U.S. are conducted through its U.S. real estate fund platform, GR Realty, an indirect non wholly-owned subsidiary of the Company. GR Realty is a fully integrated real estate platform, investing in quality property projects and managing property funds as general partners in specific target markets in the U.S.. It has been providing tailored real estate solutions for investors and tenants for almost three decades.

The Vendor is an indirect wholly-owned subsidiary of the Company incorporated under the laws of the State of Delaware with limited liability and is principally engaged in property investment.

## **INFORMATION OF THE PURCHASER**

The Purchaser is principally engaged in investment holding, organized under the laws of Delaware with limited liability, an indirect wholly-owned subsidiary of Crescent Communities, LLC.

Crescent Communities, LLC is a nationally recognized, market-leading real estate company and indirect wholly-owned by Sumitomo Forestry Co., Ltd., the shares of which are listed on the First Section of the Tokyo Stock Exchange, Inc. (stock code: 1911).

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE AMENDED AND REINSTATED PURCHASE AND SALE AGREEMENT**

As stated above, the Group's investments in the property market in the U.S. are conducted through its U.S. real estate fund platform, GR Realty. It is a fully integrated real estate platform that invests in properties and manages property funds as general partners in specific target markets in the U.S.. As GR Realty Group mainly engages in the management of funds which hold properties in the U.S., GR Realty Group buys and sells properties in the U.S. in its ordinary and usual course of business.

Currently, the overall investment focus is on top-performing, high growth technology, creative, and new economy-centric sub-markets and tenants (which are mostly in West Coast and East Coast of the U.S.) in an effort to create and realize maximum value while at the same time gradually disposed of assets (which are mostly located in the Central U.S.) according to GR Realty's disposition criteria.

After considering the occupancy rate (in terms of leasing) of the Property and market conditions, the Directors consider that the Disposal represents a good opportunity for the Vendor to realize its investment in the Property and provide reasonable return.

As compared with the unaudited carrying value of the Property as at 30 September 2021, the Directors are of the view that the Consideration under the Amended and Reinstated Purchase and Sale Agreement, which represents a premium at approximately 8% to such book value, is reasonable taking into account the current general market sentiment. Notwithstanding the Consideration (which was determined after arm's length negotiations between the Vendor and Purchaser on normal commercial terms) is approximately US\$710,000 (equivalent to approximately HK\$5,503,000) less than the consideration under the Purchase and Sale Agreement, the Directors nonetheless considered the Consideration to be fair and reasonable after taking into account the following factors:

- (1) the leasing risk associated with holding the Property amid the current very minimal leasing activity in the market;
- (2) the other bid for the Property received from another bidder was at an even lower price; and
- (3) the risk of further downward price adjustment if the Property were to be put on open market for sale again due to the current market conditions.

The Directors consider that the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement (including the basis of determination of the Consideration for the Disposal) is on normal commercial terms, its terms are fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The unaudited book value of the Property as at 30 September 2021 was approximately US\$20,725,000 (equivalent to approximately HK\$160,619,000). The Group expects to record a gain on the Disposal of approximately US\$1,203,000 (equivalent to approximately HK\$9,323,000), which is calculated based on the Consideration for the Disposal less the unaudited book value of the Property as at 30 September 2021 and the applicable transaction fees and taxes and other relevant estimated expenses in relation to the Disposal. The actual amount of gain as a result of the Disposal to be recognised by the Company will be subject to, among other things, audit and the amount of actual expenses incurred in relation to the Disposal and may be different from the aforementioned expected amount.

Following the Disposal, the Company will cease to have any interest in the Property. As such, the financial results of the Property will no longer be consolidated into those of the Company.

Set out below is the net profit (before and after taxation and excluding changes in fair value of the Property) attributable to the Property for the two financial years ended 31 December 2019 and 2020:

	<b>Year ended 31 December 2020</b>	<b>Year ended 31 December 2019</b>
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit (before and after taxation and excluding changes in fair value of the Property)	8,842	6,009

## **USE OF PROCEEDS**

The expected net proceeds to be received by the Vendor from the Disposal, after deduction of applicable transactions fees and taxes and other relevant estimated expenses in relation to the Disposal, is approximately US\$21,630,000 (equivalent to approximately HK\$167,633,000), which will then be used for improvement of the overall cash position of the Group for general working capital purpose as well as for future opportunities that may arise. Subject to actual circumstances and decision of the Board, the Company intends to apply such proceeds for future potential investments and general working capital purpose.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement exceeds 25% but is less than 75%, the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The GM will be convened and held for the Shareholders to consider and, if thought fit, approve the relevant resolutions in relation to the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement, and accordingly no Shareholder is required to abstain from voting on the relevant resolutions at the GM.

As none of the Directors had a material interest in the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement, no Director has abstained from voting on the relevant Board resolutions approving the Disposal.

## GENERAL

A circular containing, among other things, further details of the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement, the valuation report with respect to the Property, a notice convening the GM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 16 December 2021 in accordance to the Listing Rules.

**Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction or waiver of the conditions precedent. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

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

“Amended and Reinstated Purchase and Sale Agreement”	the Purchase and Sale Agreement entered into between the Vendor and Purchaser (as amended and reinstated by the Second Amendment) in relation to, among other things, the Disposal of the Property
“Board”	the board of Directors
“Closing”	the closing of the Disposal in accordance with the terms of the Amended and Reinstated Purchase and Sale Agreement
“Closing Date”	the date on which the Closing occurs
“Company”	Gemini Investments (Holdings) Limited (盛洋投資(控股)有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 174)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of US\$22,350,000 (equivalent to approximately HK\$173,213,000), payable by the Purchaser to the Vendor for the Disposal
“Director(s)”	the director(s) of the Company



“Disposal”	the sale of the Property by the Vendor to the Purchaser pursuant to the terms and conditions of the Amended and Reinstated Purchase and Sale Agreement
“Escrow Agent”	Stewart Title Guaranty Company
“GM”	the general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the Disposal contemplated under the Amended and Reinstated Purchase and Sale Agreement
“GR Realty”	Gemini-Rosemont Realty LLC, a company incorporated under the laws of the State of Delaware, the U.S. with limited liability and an indirect non wholly-owned subsidiary of the Company
“GR Realty Group”	GR Realty and its subsidiaries
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Special Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the office building located at 3211 Shannon Road, Durham, North Carolina 27707, the U.S.
“Purchase and Sale Agreement”	the Purchase and Sale Agreement (as amended by its first amendment entered into between the same parties dated 25 October 2021 (U.S. Eastern Time))
“Purchaser”	Crescent Acquisitions, LLC, a limited liability company incorporated in the State of Delaware, the U.S.
“Second Amendment”	the Reinstatement and Second Amendment to the Purchase and Sale Agreement entered into between the Vendor and the Purchaser dated 24 November 2021 (U.S. Eastern Time)
“Share(s)”	ordinary share(s) in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination”	termination of the Purchase and Sale Agreement pursuant to the written termination notice received from the Purchaser on 29 October 2021 (U.S. Eastern Time)
“U.S.”	United States of America
“US\$”	United States dollars, the lawful currency of the U.S.
“Vendor”	SouthCourt Operating LLC, an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 25 November 2021

*For the purpose of illustration only, conversions of US\$ into HK\$ in this announcement are based on the exchange rate of US\$1.00 to HK\$7.75. Such conversions should not be construed as representations that any amounts have been, could have been, or may be, exchanged at this or any other rates.*

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

<i>Executive Directors:</i>	<i>Non-executive Directors:</i>	<i>Independent non-executive Directors:</i>
Mr. SUM Pui Ying	Mr. TANG Runjiang	Mr. LO Woon Bor, Henry
Mr. LAI Kwok Hung, Alex	Mr. ZHOU Yue	Ms. CHEN Yingshun
Ms. LAM Yee Lan		Mr. LEE Sai Kai, David