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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF PROPERTIES IN THE U.S. BY
U.S. REAL ESTATE FUND PLATFORM**

THE DISPOSAL

The Board is pleased to announce that on 21 December 2021 (U.S. Eastern Time), the Vendors entered into the Purchase and Sale Agreement with the Purchaser in relation to the Disposal (as defined below). Pursuant to the Purchase and Sale Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Properties for an aggregate consideration of US\$101,170,000 (equivalent to approximately HK\$784,068,000) subject to and upon, inter alia, the terms and conditions of the 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 Purchase and Sale Agreement exceeds 25% but is less than 75%, the Disposal contemplated under the 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 Purchase and Sale Agreement and the transactions contemplated thereunder. 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 Purchase and Sale Agreement and the transactions contemplated thereunder, thus 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 Purchase and Sale Agreement, the valuation report with respect to the Properties, a notice convening the GM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 13 January 2022 in accordance to the Listing Rules.

INTRODUCTION

The Board announces that on 21 December 2021 (U.S. Eastern Time), the Vendors entered into the Purchase and Sale Agreement with the Purchaser pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Properties for an aggregate consideration of US\$101,170,000 (equivalent to approximately HK\$784,068,000) subject to and upon, inter alia, the terms and conditions of the Purchase and Sale Agreement.

THE PURCHASE AND SALE AGREEMENT

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

Date

21 December 2021 (U.S. Eastern Time)

Parties

- (i) Rosemont Warren One Operating LLC (as One Warren Place Vendor);
- (ii) Rosemont Warren Two Operating LLC (as Two Warren Place Vendor);
- (iii) Rosemont Warren Ground Operating LLC (as Master Ground Lease Vendor); and
- (iv) Twelve GCS Company, 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 Properties

The Properties include the One Warren Place Ground Lease, the Two Warren Place Ground Lease, the Master Ground Lease, the One Warren Place Improvements and the Two Warren Place Improvements.

Consideration

The total consideration for the Disposal is US\$101,170,000 (equivalent to approximately HK\$784,068,000) which was determined after arm's length negotiations between the Vendors and Purchaser on normal commercial terms with reference to, among other things, (i) the preliminary valuation of the Properties by an independent professional valuer as at 31 October 2021 of US\$95,900,000 (equivalent to approximately HK\$743,225,000); (ii) the property evaluation proposals from brokers on the market price of the Properties; and (iii) the prevailing market conditions of the property market in the U.S..

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

- (1) US\$800,000 (equivalent to approximately HK\$6,200,000) (the “**Initial Deposit**”), shall be deposited by the Purchaser to the Escrow Agent within one Business Day of the date of the Purchase and Sale Agreement. If the Purchaser does not timely deliver the Initial Deposit, as their sole and exclusive remedy, the Vendors may terminate the Purchase and Sale Agreement by written notice to the Purchaser. If the Disposal is closed, then the Initial Deposit with any interest earned thereon will be applied to the Consideration at Closing. The Initial Deposit shall become non-refundable after the expiration of the Inspection Period. The Initial Deposit shall only be returned to the Purchaser if the Purchaser elects not to proceed with the purchase of the Properties on or prior to the conclusion of the Inspection Period or if the Purchase and Sale Agreement is terminated as a result of the Vendors failing to cure any title objection raised by the Purchaser or the Vendors failing to satisfy its obligations under the conditions set out in the paragraph headed “Conditions to Closing” in this announcement;
- (2) US\$100,000 (equivalent to approximately HK\$775,000) as non-refundable deposit (the “**Closing Extension Deposit**” and together with the Initial Deposit, the “**Deposits**”) shall be deposited by the Purchaser if the Purchaser has given written notice to the Vendors no later than 5 days prior to the original Closing Date to extend the Closing Date by 30 days. The Deposits as well as all actual, out-of-pocket costs and expenses payable to third parties incurred by the Purchaser in connection with the transactions contemplated by the Purchase and Sale Agreement, in an amount not in excess of US\$100,000 (approximately HK\$775,000) in aggregate, shall be returned to the Purchaser as its sole and exclusive remedy if the Vendors are in default under the Purchase and Sale Agreement and the Vendors fails to consummate the transactions contemplated therein for any reason except the Purchaser's default under the Purchase and Sale Agreement; and
- (3) an amount equal to the Consideration, less the Deposits and as adjusted for any prorations pursuant to the Purchase and Sale Agreement shall be paid by the Purchaser to an account as designated by the Vendors on the Closing Date.

Conditions to Closing

The Purchaser's obligation to purchase the Properties is conditional upon satisfaction (or waiver, in whole or in part, by the Purchaser in writing) of the following:

- (1) on the Closing Date, all representations and warranties made by the Vendors in connection with the Properties must be true and correct in all material respects as if made on and as of the Closing Date;
- (2) on the Closing Date, no judicial or administrative suit, action, investigation, inquiry or other proceeding by any person may have been instituted against the Vendors or Purchaser that challenges the validity or legality of any of the transactions contemplated by the Purchase and Sale Agreement;
- (3) on the Closing Date, the Escrow Agent must be irrevocably committed to issue a title policy to the Purchaser;
- (4) on the Closing Date, the Vendors shall have delivered to the Purchaser all of the items required to be so delivered to the Purchaser pursuant to the terms of the Purchase and Sale Agreement;
- (5) the Vendors shall have performed and observed, in all material respects, all covenants and agreements of the Purchase and Sale Agreement to be performed and observed by the Vendors as of the Closing Date; and
- (6) on the Closing Date, no change shall have occurred, without the Purchaser's written consent, in the state of title matters disclosed in the Commitment or the Existing Survey (or the New Survey, if applicable), and the Escrow Agent shall be irrevocably committed to issue the leasehold owner's policy for the Properties pursuant to the terms of the Purchase and Sale Agreement.

The Vendors' obligation to sell the Properties is conditional upon satisfaction (or waiver, in whole or in part, by any of the Vendors in writing) of the following:

- (1) on the Closing Date, all representations and warranties made by the Purchaser in the Purchase and Sale Agreement must be true and correct in all material respects as if made on and as of the Closing Date;
- (2) on the Closing Date, no judicial or administrative suit, action, investigation, inquiry or other proceeding by any person may have been instituted against the Vendors or the Purchaser that challenges the validity or legality of any of the transactions contemplated by the Purchase and Sale Agreement; and
- (3) the Purchaser shall have performed and observed, in all material respects, all covenants and agreements of the Purchase and Sale Agreement to be performed and observed by the Purchaser as of the Closing Date.

Closing

Closing shall take place through an escrow arrangement with the Escrow Agent on the date which is 30 days after the expiration of the Inspection Period, which may be extended for 30 days by the Purchaser depositing the Closing Extension Deposit as set out in the section headed “Consideration” in this announcement.

INFORMATION OF THE GROUP AND THE VENDORS

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 Vendors are wholly-owned by one of the funds in GR Realty’s portfolio which is managed by GR Realty as the general partner. The limited partners of the Vendors’ parent fund include GR Realty and other independent third party investors.

INFORMATION OF THE PURCHASER

The Purchaser is principally engaged in owning and operating office and industrial assets, organized under the laws of State of Texas, the U.S. with limited liability, which is a company wholly-owned by Robert Benjamin Appleby, the ultimate beneficial owner of the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 property, its tenancy, market situation and the exit intention of the limited partners, the Disposal represents a good opportunity for the Vendors to realize their investments in the Properties and provide positive cashflow.

As compared with the unaudited carrying value of the Properties as at 31 October 2021, the Directors are of the view that the Consideration under the Purchase and Sale Agreement, which represents a premium at approximately 4% to such book value, is reasonable taking into account the current general market sentiment.

The Directors consider that the Disposal contemplated under the 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 limited partners of the Vendors' parent fund, the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The unaudited book value of the Properties as at 31 October 2021 was approximately US\$96,822,000 (equivalent to approximately HK\$750,371,000). The Group expects to record a gain on the Disposal of approximately US\$810,000 (equivalent to approximately HK\$6,278,000), which is calculated based on the Consideration for the Disposal less the unaudited book value of the Properties as at 31 October 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 interests in the Properties. As such, the financial results of the Properties 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 Properties) attributable to the Properties for the two financial years ended 31 December 2019 and 2020:

	Year ended 31 December 2020 (Unaudited) <i>HK\$ '000</i>	Year ended 31 December 2019 (Unaudited) <i>HK\$ '000</i>
Net profit (before and after taxation and excluding changes in fair value of the Properties)	83,165	106,660

USE OF PROCEEDS

The expected net proceeds to be received by the Vendors from the Disposal, after deduction of applicable transactions fees and taxes and other relevant estimated expenses in relation to the Disposal, is approximately US\$96,943,000 (equivalent to approximately HK\$751,308,000), which will then be used for (i) repayment of the relevant mortgage loan; (ii) payment of performance-based fees to the general partner of the Vendors' parent fund; and (iii) distribution to the limited partners of the Vendors' parent fund, in accordance with the limited partnership agreement of the Vendors' parent fund.

Accordingly, the Group receives performance-based fees with GR Realty being the general partner of the Vendors' parent fund, as well as the distribution to limited partners with GR Realty being one of the limited partners of the Vendors' parent fund.

The expected net proceeds to be received by the Group as the general partner is approximately US\$638,000 (equivalent to approximately HK\$4,945,000) and as a limited partner is approximately US\$6,883,000 (equivalent to approximately HK\$53,343,000). Such proceeds will improve 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 Purchase and Sale Agreement exceeds 25% but is less than 75%, the Disposal contemplated under the 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 Purchase and Sale Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Purchase and Sale Agreement and the transactions contemplated thereunder, thus 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 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 Purchase and Sale Agreement, the valuation report with respect to the Properties, 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 13 January 2022 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.

“Board”	the board of Directors
“Business Day(s)”	means any day other than a Saturday, Sunday or any day that national banking associations with offices in Dallas, Texas or Hong Kong are permitted or required by law to remain closed
“Closing”	the closing of the Disposal in accordance with the terms of the 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)
“Commitment”	commitments for an ALTA Leasehold Owner’s Policy of Title Insurance, issued by the Escrow Agent
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of US\$101,170,000 (equivalent to approximately HK\$784,068,000), subject to adjustments and prorations, payable by the Purchaser to the Vendors for the Disposal

“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Properties by the Vendors to the Purchaser pursuant to the terms and conditions of the Purchase and Sale Agreement
“Existing Surveys”	ALTA/ACSM Land Title Surveys in the possession of the Vendors
“Escrow Agent”	Chicago Title Insurance 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 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
“Inspection Period”	an inspection period which shall end at 5:00 p.m. (U.S. Eastern Time) on 15 February 2022, during which the Purchaser may conduct engineering or market and economic feasibility studies of the Properties and a physical inspection of the Properties, including studies or inspections to determine the existence of any environmental hazards or conditions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Ground Lease”	the master ground lease of common area of One Warren Place Land and Two Warren Place Land, entered into between The William K. Warren Medical Research Center, Inc., as lessor, and Master Ground Lease Vendor, as lessee
“Master Ground Lease Vendor”	Rosemont Warren Ground Operating LLC, wholly-owned by a fund in GR Realty’s portfolio

“New Survey”	a new survey obtained by the Purchaser or an update to the Existing Survey under the Purchase and Sale Agreement
“One Warren Place”	One Warren Place Ground Lease and One Warren Place Improvements
“One Warren Place Land”	land located at 6100 South Yale Avenue, Tulsa, Oklahoma 74136, the U.S.
“One Warren Place Ground Lease”	the ground lease of One Warren Place Land, entered into between The William K. Warren Medical Research Center, Inc., as lessor, and One Warren Place Vendor, as lessee
“One Warren Place Improvements”	means all of the improvements now or hereafter located on the One Warren Place Land, which presently include, but are not limited to, a multi-storey office building and a multi-level parking garage
“One Warren Place Vendor”	Rosemont Warren One Operating LLC, wholly-owned by a fund in GR Realty’s portfolio
“Properties”	the One Warren Place Ground Lease, the Two Warren Place Ground Lease, the Master Ground Lease, the One Warren Place Improvements and the Two Warren Place Improvements
“Purchase and Sale Agreement”	the purchase and sale agreement entered into between the Vendors and the Purchaser dated 21 December 2021 (U.S. Eastern Time) in relation to, among other things, the Disposal
“Purchaser”	Twelve GCS Company, LLC, a limited liability company incorporated in State of Texas, the U.S.
“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
“Two Warren Place”	Two Warren Place Ground Lease and Two Warren Place Improvements
“Two Warren Place Land”	land located at 6120 South Yale Avenue, Tulsa, Oklahoma 74136, the U.S.

“Two Warren Place Ground Lease”	the ground lease of Two Warren Place Land, entered into between The William K. Warren Medical Research Center, Inc., as lessor, and Two Warren Place Vendor, as lessee
“Two Warren Place Improvements”	means all of the improvements now or hereafter located on the Two Warren Place Land, which presently include, but are not limited to, a multi-storey office building and a multi-level parking garage
“Two Warren Place Vendor”	Rosemont Warren Two Operating LLC, wholly-owned by a fund in GR Realty’s portfolio
“U.S.”	United States of America
“US\$”	United States dollars, the lawful currency of the U.S.
“Vendors”	collectively, the One Warren Place Vendor, the Two Warren Place Vendor and the Master Ground Lease Vendor
“%”	per cent.

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

Hong Kong, 22 December 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