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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors of the Company (the “**Director(s)**” or the “**Board**”) is pleased to announce the audited consolidated results of Gemini Investments (Holdings) Limited (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”, “**our Group**” or “**We**”/“**we**”) for the year ended 31 December 2022 (the “**Year**” or “**2022**”). The audited consolidated results of the Company have been reviewed by the Company’s audit committee.

In 2022, the Group recorded a revenue of HK\$1,065 million (for the year ended 31 December 2021 (“**2021**”): HK\$1,227 million), and a loss attributable to owners of the Company of HK\$296 million (2021: a loss attributable to owners of the Company of HK\$8 million). As the continuing Russia-Ukraine conflict, geopolitical tensions, decades-high inflation and multiple interest rate hikes by major economies during the Year led to unfavorable financial market conditions, global economic growth became weak, prompting the capital market to fluctuate volatily. The investment properties held and managed by the Group were also affected by the above unfavorable factors, resulting in a decrease of approximately 3% in valuation (about HK\$276 million), while other investments suffered from losses.

The Board does not recommend the payment of any final dividend on the convertible preference shares and the ordinary shares of the Company for the Year.

BUSINESS REVIEW AND PROSPECTS

During the Year, the overall performance of investment properties fluctuated. Since the outbreak of the COVID-19 pandemic in the past few years, the Group has continuously reviewed and adjusted its investment and operation strategies in advance, and continued to improve the operating efficiency and tenant satisfaction of the real estate projects under management through Gemini-Rosemont Realty LLC (“**GR Realty**”), our property fund management platform based in the United States of America (the “**U.S.**”), while gradually completing the exit of some projects. In 2022, the Group completed the disposal of 5 real estate projects in the Eastern Coast and Central of the U.S., such as Oklahoma and North Carolina, and recorded a gain of HK\$31 million from the disposal.

The overall progress of our development properties was in line with expectations. As the U.S. further eased the pandemic control measures in 2022, the Group’s development projects (all located in the U.S.) were progressing in an orderly manner. One of the projects in Manhattan has been completed during the Year and has recorded sales revenue of HK\$128 million, generating cash inflows. More units of this project are expected to be sold in the coming year, expected to bring considerable income to the Group.

In 2022, the Group’s securities and fund investment business was affected by the significant turbulence in the global economy under the impact of multiple factors and recorded certain losses. The Group will continue to closely assess the abovementioned adverse financial market conditions and regularly review investment strategies in a prudent manner, including but not limited to downsizing the portfolio of securities and fund investments.

The globe has been harshly impacted by the pandemic for more than three years, but as countries around the world are opening up to facilitate the movement of people, life is expected to return to normal, ushering in the end of the pandemic. Many economies are expected to make a strong “post-pandemic” recovery. The road to “return to normal”, however, is not expected to be an easy one, and there are still many challenges worthy of our attention. The International Monetary Fund predicts that the global economy growth will be 2.9% in 2023, with an expected rise to 3.1% in 2024, heralding the global economy is moving away from the recessionary warning line. Nevertheless, a surge in inflation, interest rate policies against inflation implemented by global central banks and the ongoing Russia-Ukraine war will bring considerable uncertainties to the global economy in 2023. The U.S. Federal Reserve has raised interest rates seven times during the Year in response to rising inflation. The U.S. real estate market has also slowed down due to rising borrowing costs, the negative wealth effect caused by soaring inflation as well as weakening economic growth.

With the resumption of global business exchanges, everywhere across the world is ready to attract global talents and tourists in different ways in the “post-pandemic” period. Yet there are other factors such as geopolitical tensions, rising inflation and risk of recession in developed countries, led by the United States. All these will bring opportunities as well as new challenges to the market and business environment. Relying on our professional team with extensive market experience, the Group will realize industrial synergy to seize more investment opportunities, enhance competitiveness, and achieve mutual benefits with clients. At the same time, we will continue to work closely with Sino-Ocean Group Holding Limited and Sino-Ocean Capital Holding Limited, the substantial shareholders of the Company.

OPERATION REVIEW

Overview

The Group mainly engages 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). Investment properties in the U.S. (including those classified as held for sale) and in Hong Kong accounted for 61% and 3% of our total assets as at 31 December 2022 respectively, and properties held for sale and properties under development in the U.S. accounted for 7% and 8% of our total assets as at 31 December 2022 respectively. All our property investments and property developments in the U.S. are managed by GR Realty's team.

In addition to receiving a steady and reliable income and cash flow and possible capital gains from appreciation in value of assets, we also receive possible fee income and carried interest through GR Realty acting as the general partner of the property funds it manages. GR Realty has been providing tailored real estate solutions for investors and tenants for almost three decades. It 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..

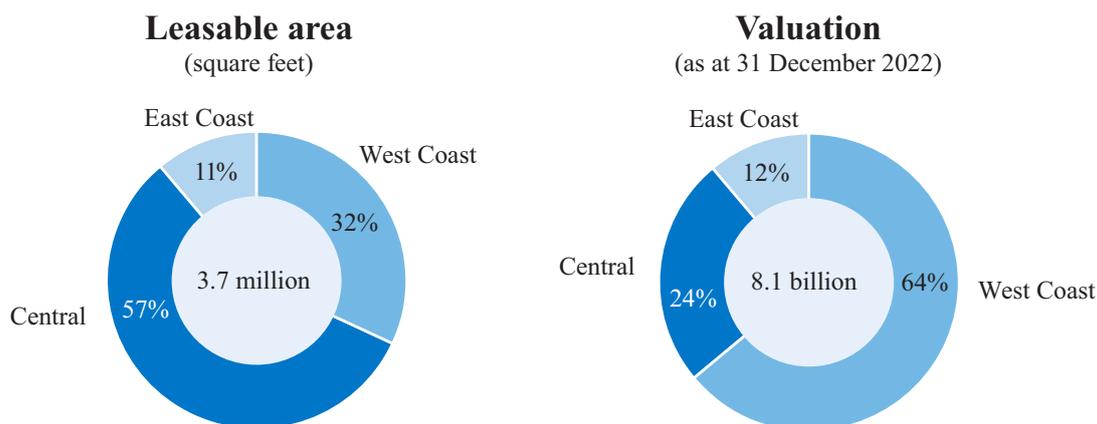
Property Investments in the U.S. (managed by GR Realty)

As at 31 December 2022, our balanced property portfolio comprised 14 commercial properties in West Coast, Central and East Coast of the U.S. (where local key industry players are our key tenants), and several units in three residential buildings in New York City. GR Realty managed all our property investments in the U.S., with the focus on top-performing, high growth technology, creative, and new economy-centric sub-markets and tenants (mostly in West Coast and East Coast of the U.S.), while gradually realising investments at appropriate times according to disposition plans with an aim to maximize the property value.

As at 31 December 2022, the carrying value of our investment properties including those classified as assets classified as held for sale in the U.S. was HK\$8,141 million (as at 31 December 2021: HK\$9,167 million). Total revenue generated from investment properties in the U.S. was HK\$926 million (2021: HK\$1,212 million). Decreases in both the carrying value and revenue were mainly as a result of successful disposal of 5 investment properties during the Year (2021: 8 investment properties disposed of), which brought a gain on disposal of HK\$31 million (2021: a gain on disposal of HK\$36 million), with net proceeds reserved for future sound investments. During the Year, the Group has taken possession of several units in two residential buildings in New York City, the U.S. as a result of distribution of assets from our fund investments as further elaborated in the section headed "Other Operations" below. Besides, the Group's property development project located at Avenue of the Americas, Manhattan, New York City was completed during the Year and certain residential units of this project have been reserved for lease purpose.

At at 31 December 2022, the total leasable area of our investment properties in the U.S. was 3,712,000 square feet (as at 31 December 2021: 5,233,000 square feet), with an average occupancy rate of 76%.

An analysis of investment properties (including assets classified as held for sale) in the U.S. by geographical locations is set out below:



We will continue to optimize our asset mix of the U.S. properties according to acquisition and disposition criteria and stay cautiously optimistic and closely monitor how tenants and corporations move forward to their real estate needs with an aim to maximize assets valuation.

During the Year, the Group completed disposals of certain investment properties which constituted notifiable transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Details of these disposals are described below.

In October 2021, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell an office building property located at North Carolina, the U.S. for an aggregate consideration of US\$23,060,000. Subsequently, the purchaser served a written notice to terminate the purchase and sale agreement. After further negotiation, in November 2021, both parties entered into the reinstatement and second amendment to the purchase and sale agreement (the “**Second Amendment**”) to reinstate, ratify and confirm the purchase and sale agreement, which has the effect of reinstating the purchase and sale agreement as if it had not been terminated. Pursuant to the Second Amendment, the consideration has been revised to US\$22,350,000. This disposal was completed in January 2022, and a gain of HK\$3 million was recognised from this disposal. Details of this disposal which constituted a major transaction of the Company under the Listing Rules are set out in the announcements of the Company respectively dated 26 October 2021, 8 November 2021 and 25 November 2021; and circular of the Company dated 10 December 2021.

In December 2021, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell multi-storey office buildings and multilevel parking garages with several ground leases located at Oklahoma, the U.S. for an aggregate consideration of US\$101,170,000. Subsequently, both parties entered into a first amendment to the purchase and sale agreement in February 2022 to extend the inspection period in respect of the properties from 15 February 2022 to 1 March 2022 (U.S. Eastern Time). Upon the expiration of the inspection period, both parties entered into a second amendment to the purchase and sale agreement and the purchaser agreed to waive the right to terminate the purchase and sale agreement. This disposal was completed in May 2022, and a gain of HK\$24 million was recognised from this disposal. Details of this disposal which constituted a major transaction of the Company under the Listing Rules are set out in the announcements of the Company respectively dated 22 December 2021, 16 February 2022, 2 March 2022, 6 April 2022 and 28 April 2022; and circular of the Company dated 14 January 2022.

In January 2022, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell a shopping center with various car parking spaces located at New Mexico, the U.S. for an aggregate consideration of US\$3,900,000. This disposal was completed in May 2022, and a gain of HK\$1 million was recognised from this disposal. Details of this disposal which constituted a discloseable transaction of the Company under the Listing Rules are set out in the announcement of the Company dated 31 January 2022.

In April 2022, a subsidiary of the Company was notified by one of the limited partners of a fund managed by GR Realty (the “**Fund**”) that a broker had identified a potential purchaser and entered into negotiations for a purchase and sale agreement in relation to the sale of a property located at Washington, the U.S.. The consideration was expected to be approximately US\$417 million (equivalent to approximately HK\$3,253 million) (the “**Possible Disposal**”). Pursuant to the limited partnership agreement of the Fund, such limited partner has the unilateral right to cause the direct or indirect sale of such property if the sale meets certain requirements set out in the limited partnership agreement, by way of a written notice (which notice was served on the subsidiary of the Company earlier).

However, our subsidiary was subsequently informed by the same limited partner of the Fund in July 2022 that no definitive agreement had been entered into in respect of the Possible Disposal within the prescribed time period. Accordingly, the Possible Disposal no longer proceeds. Details of this Possible Disposal are set out in the announcements of the Company dated 29 April 2022 and 19 July 2022 respectively.

In December 2022, a subsidiary of the Company entered into a purchase and sale agreement with an independent third party to sell certain office building properties together with various car parking spaces located at Tennessee, the U.S. for an aggregate consideration of US\$41,500,000. This transaction constituted a major transaction of the Company under the Listing Rules as disclosed in the announcement of the Company dated 22 December 2022. However, as disclosed in the announcement of the Company dated 6 February 2023, this disposal did not go through as the purchaser subsequently served a written notice to terminate the purchase and sale agreement in early February 2023.

Property Developments in the U.S. (managed by GR Realty)

The redevelopment project located at Avenue of the Americas comprises a 13-storey residential building (with retail space on the ground) with a gross floor area of 82,000 square feet. It is positioned with unique project types including duplex units which are in scarcity in Manhattan. This project has been completed by the end of 2022. Units under this redevelopment project are now available for sale. During the Year, revenue generated from sale of residential units was HK\$128 million (2021: nil).

The North First Street project is in development stage, and expected to be developed into a residential building together with auxiliary car parking facilities and perfecting amenities. The estimated gross floor area is 78,000 square feet, and completion is expected in 2023. The Second Avenue project is in demolition stage, and is expected to be developed into a residential building with splendid amenities. The estimated gross floor area is 137,000 square feet, and completion is expected in 2025.

We will closely monitor the progress of our property development projects and continue to implement our plans to provide quality residential property development products.

Investment Properties in Hong Kong

Investment properties in Hong Kong mainly comprise A-grade offices units in two buildings in Hong Kong Island. The total carrying value of our investment properties in Hong Kong was HK\$406 million (as at 31 December 2021: HK\$440 million), representing 3% of our total assets as at 31 December 2022 (as at 31 December 2021: 3%). During the Year, rental revenue from investment properties in Hong Kong remained stable with an amount of HK\$9 million (2021: HK\$10 million). Leasing activities remained relatively stable with an average occupancy rate of 94%.

Other Operations

Other operations mainly include fund investments and securities investments. As at 31 December 2022, our securities investment portfolio (classified as financial instruments held for trading) mainly consisted of investment in listed securities in Hong Kong and overseas of HK\$118 million (as at 31 December 2021: HK\$325 million). The Group recorded a decrease in fair value of financial instruments held for trading of HK\$42 million for the Year (2021: a gain of HK\$29 million) under the adverse financial market conditions caused by high inflation, interest rate hike in the U.S as well as geopolitical tensions. The Group had downsized the portfolio of securities investments gradually during the Year as risk mitigation measures under such volatile market.

As at 31 December 2022, the carrying amount of our fund investment portfolio (classified as “financial assets at fair value through profit or loss”) was HK\$539 million (as at 31 December 2021: HK\$1,952 million), with an aggregate loss on change of fair value of HK\$156 million recorded during the Year (2021: gain of HK\$45 million), mainly as a result of loss from those funds investing in global listed securities, with a mixed portfolio including equity securities in technology media telecom sector and new economy industries and debt securities under adverse financial market conditions. Of the above aggregate loss on change of fair value, the Group mainly recorded loss on change of fair value of HK\$30 million from a fund investment with portfolio of listed securities focusing on technology media telecom sector and loss on change of fair value of HK\$129 million from a fund investment with portfolio of underlying assets of listed equities and debt securities focusing on the property and property-related value chain and new economy industries. There is no material change in fair value of other fund investments.

Apart from the above loss on change of fair value, the following two events also contributed to the substantial decrease in the carrying amount of our fund investment portfolio as at 31 December 2022.

In March 2022, the Group served a redemption notice to the administrator of one of our fund investments to redeem its 150,676 shares in Neutron Fund Limited attributable to Neutron B. The total proceeds arising from the redemption are HK\$250 million and a loss from redemption of funds of HK\$30 million (subsumed under the above aggregate loss on change of fair value) was recorded. The redemption of funds represented an opportunity for the Group to generate cash inflows so that it can reallocate its resources to its other existing businesses. Details of the redemption which constituted a very substantial disposal of the Company under the Listing Rules is set out in the announcement and circular of the Company dated 11 March 2022 and 25 April 2022 respectively.

In October 2022, the Group was informed by Neutron Private Equity Fund Limited (“NPE”) and Neutron Property Fund Limited (“NPF”) respectively that, as a result of its business direction, its directors had resolved to make a distribution partly in cash and partly in specie to its shareholder and wind up the company thereafter (together, the “**Distribution**”) pursuant to the relevant constitutional document of NPE and NPF respectively. The Distribution comprised cash, and equity interests in investment vehicles then owned by NPE and NPF, and loan assets then owned by NPE. The Distribution was completed in October 2022. After the Distribution, the investment vehicles (in respect of which equity interests were distributed to the Group) had become subsidiaries of the Company and the operating performance and financial position of such investment vehicles had since then been consolidated into the financial statements of the Group. Their major assets and investments included investment properties, interests of GR Realty and cash and bank balances. Ever since the Group’s investments in NPE and NPF in 2013 and 2015 (as the case may be), values of the underlying assets of NPE and NPF have been reflected in the total assets of the Group in the financial statements of the Group as financial assets at fair value through profit or loss in accordance with the Hong Kong Financial Reporting Standards. As such, there was no material financial impact to the Group and its results during the Year resulting from the Distribution.

FINANCIAL REVIEW

Revenue

The components of our revenue are analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental income	740,921	983,833
Ancillary service income to property leasing	194,189	237,783
Sale of properties	128,213	–
Others	1,285	5,490
	<u>1,064,608</u>	<u>1,227,106</u>

U.S. investment properties generated rental income of HK\$732 million, and ancillary service income to property leasing of HK\$194 million, which mainly comprised income for services provided to tenants of HK\$143 million and parking lot income of HK\$37 million. Hong Kong investment properties generated rental income of HK\$9 million. Decrease in revenue was mainly due to disposal of 5 of our 19 commercial properties during the Year.

Sale of residential units in the redevelopment project located at Avenue of the Americas (which was completed during the Year) generated revenue of HK\$128 million. Details of this redevelopment project are described in the section headed “Property Developments in the U.S. (managed by GR Realty)” above.

Operating expenses

The components of our operating expenses are analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Repairs, maintenance and utilities	188,446	256,694
Property insurance and management expense	59,533	61,870
Real estate taxes	119,281	170,998
Cost of inventories	107,997	–
Others	3,179	4,139
	<u>478,436</u>	<u>493,701</u>

Decrease in operating expenses was mainly due to disposal of 5 of our 19 commercial properties during the Year, resulting in decrease of repairs, maintenance and utilities by HK\$68 million and real estate taxes by HK\$52 million.

Cost of inventories of HK\$108 million was recorded in 2022 in view of completion of the redevelopment project located at Avenue of the Americas in 2022 which had units available for sale at the end of 2022.

Loss arising from changes in fair value of investment properties

Loss arising from changes in fair value of investment properties of the Group of HK\$276 million was recorded during the Year (2021: loss of HK\$151 million).

Due to slowdown of property markets in the U.S. and Hong Kong brought by multiple factors like continuing interest rate hikes during the Year and weakening economic growth, fair value of our investment properties recorded an overall decrease in value by 3%. Certain properties located in Central and East Coast of the U.S., which are more vulnerable to adverse economic conditions, recorded decrease in value by 10% (about HK\$289 million) in aggregate, whilst our other properties in the U.S recorded increase in value by 1% (about HK\$50 million) in aggregate. Investment properties located in Hong Kong recorded decrease in value by 8% (about HK\$37 million) in aggregate.

Loss arising from changes in fair value of financial assets at fair value through profit or loss

Loss arising from changes in fair value of financial assets at fair value through profit or loss of the Group of HK\$155 million was recorded during the Year, which was mainly generated from our fund investments. Details of performance of fund investments are described in the section headed “Other Operations” above.

Other income, gains/losses

The components of other income, gains/losses, are analysed as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of investment properties	31,163	36,175
Government grant	–	18,055
Interest income	4,867	7,966
Others	4,702	1,238
	40,732	63,434

During the Year, other income, gains/losses mainly comprises gain of HK\$31 million from the disposal of 5 investment properties located in the U.S.

During 2021, the Group recorded an one-off income from a government grant of HK\$18 million by the U.S. Department of the Treasury which was for the purpose of providing financial support to enterprises under the impact of COVID-19.

Administrative and other expenses

The components of our administrative and other expenses are analysed as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee costs	82,209	92,095
Legal and professional fee	40,913	39,937
Depreciation	18,007	15,875
Insurance expenses	6,758	9,067
Informative service fee	10,535	8,926
Auditors' remuneration	7,300	7,273
Exchange difference	4,271	4,356
Others	28,227	25,360
	198,220	202,889

Employee cost decreased slightly as a result of decrease in number of employees. Legal and professional fee remained at similar level as a result of ongoing disposal activities during the Year.

Finance costs

Finance costs (net of interest capitalisation) of HK\$372 million on our borrowings were recognised during the Year (2021: HK\$419 million). The decrease was due to settlement of mortgage loan upon the disposal of investment properties located in the U.S. offset by the effect of interest hike.

Loss attributable to limited partners and puttable instrument holders

Loss attributable to limited partners of HK\$142 million (2021: loss of HK\$186 million) and gain attributable to puttable instrument holders of HK\$11 million (2021: loss of HK\$0.4 million) were recorded. The entities to which losses are attributable mainly include certain limited partner interests associated with those limited partnerships of the property funds managed and controlled by GR Realty. According to the terms of investments, these interests are classified as assets/liabilities under the statutory accounting principles, instead of non-controlling interest in equity. Accordingly, the financial results attributable to limited partners are recorded in the consolidated income statement of the Group. The loss of HK\$142 million attributable to limited partners, mainly arose from the fair value decrease of investment properties mainly located in Central U.S.. The Group mainly acts as general partner, with certain limited partner interest in the parent funds of those investment properties.

Financial Resources and Liquidity

As at 31 December 2022, the Group had cash resources totaling HK\$791 million (as at 31 December 2021: HK\$825 million) and committed undrawn borrowing facilities of HK\$560 million. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations and loan facilities provided by banks.

As at 31 December 2022, the borrowings (excluding lease liabilities) of the Group amounted to HK\$5,276 million (as at 31 December 2021: HK\$6,068 million). The Group's borrowings included bank loans and revolving loans and notes payables. The decrease in borrowings was mainly due to settlement of mortgage loan upon disposal of investment properties. As at 31 December 2022, the proportions of short-term borrowings and long-term borrowings of the Group were 21% and 79% respectively. The maturities of the Group's borrowings are set out as follows:

	31 December 2022 <i>(HK\$ million)</i>	As percentage of borrowings	31 December 2021 <i>(HK\$ million)</i>	As percentage of borrowings
Within 1 year	1,112	21%	1,850	30%
1-2 years	449	8%	468	8%
2-5 years	3,102	59%	3,036	50%
Over 5 years	613	12%	714	12%
	5,276	100%	6,068	100%

The above borrowings are denominated as to 96% in U.S. dollars and 4% in Hong Kong dollars. Considering that the exchange rate of Hong Kong dollars is pegged against the U.S. dollars and that all of the underlying assets financed by U.S. dollar borrowings are located in the U.S. and denominated in U.S. dollars, the Group believes that the corresponding adverse exposure to exchange rate risk arising from the U.S. dollars is not material.

The Group's net gearing ratio (i.e. borrowings less total cash resources divided by total equity) had improved from 72% at 31 December 2021 to 70% at 31 December 2022, mainly as a result of disposal of investment properties and settlement of related borrowings. The Group will gradually realise its investments at appropriate time which, when completed, is considered to further ease the Group's gearing position. It is the strategy of GR Realty as a real estate fund platform to leverage investment properties under management with an appropriate level of mortgage loans to achieve higher rate of return. Our management will continue to monitor the Group's capital and debt structure from time to time aiming to control short term debt ratio and mitigate its exposure to the risk of gearing.

Financial Guarantees

As at 31 December 2022, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 31 December 2022, our Group had pledged bank deposits amounting to HK\$41 million (as at 31 December 2021: HK\$18 million), investment properties of HK\$7,393 million (as at 31 December 2021: HK\$7,817 million), properties under development of HK\$421 million (as at 31 December 2021: nil) and assets classified as held for sale of nil value (as at 31 December 2021: HK\$942 million), together with the interests of certain subsidiaries of the Group as securities to secure borrowings of our Group of HK\$5,260 million (as at 31 December 2021: HK\$6,068 million).

Significant Investments

As at 31 December 2022, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets as at 31 December 2022.

Contingent Liabilities

As at 31 December 2022, our Group had no significant contingent liabilities.

Capital Commitments

As at 31 December 2022, our Group had capital commitments of HK\$106 million (as at 31 December 2021: HK\$263 million), in respect of the property development projects in the U.S..

Use of Proceeds from Placing Exercises

The Company respectively allotted and issued 90,278,000 new ordinary shares of the Company on 17 April 2020 and 90,278,000 new ordinary shares of the Company on 27 May 2020 at subscription prices of HK\$1.00 and HK\$0.993 respectively (collectively the “**Placing Exercises**”). The Placing Exercises raised net proceeds of HK\$179.2 million. The Placing Exercises were considered as ways to further strengthen our financial position, and also as steps to improve the liquidity of the ordinary shares of the Company on the Hong Kong Stock Exchange as the transaction volume of our ordinary shares was constantly thin.

The Company’s utilisation plan of the net proceeds from the Placing Exercises remained unchanged as at 31 December 2022 as compared to that disclosed in the Company’s announcements and circular for the Placing Exercises. The Company intended to use around US\$10 million to US\$12 million (equivalent to HK\$77.5 million to HK\$93.0 million), representing 43% to 52% of the aggregate net proceeds from the Placing Exercises, for the investment in a real estate related project in the Metropolitan Area of the State of New York, and the remaining balance of the net proceeds was intended to be used as general working capital of our Group.

As at 31 December 2022, HK\$96 million was utilized for the general working capital in the Group’s property development projects in the U.S.. In view of uncertainties in global economy and business outlook currently, the remaining proceeds of HK\$83 million (46% of the aggregate net proceeds from the Placing Exercises) intended for investment in real estate related projects remains not utilized. Our Group has been looking for good investment opportunities under prudence approach. However, amid the current uncertainties of the global economy and business environment and outlook caused by factors such as the continuous negative spillover effect brought by the Russia-Ukraine conflicts as well as the high inflation level in countries like the U.S. and Europe, the Company has been very cautious in identifying suitable investment target which is safe, in line with the Company’s strategy and in the interests of the Company and its shareholders as a whole. As such, no suitable investment has yet been made. Subject to the identification of a suitable investment target in the U.S. in the interest of the Company and its shareholders as a whole, after considering the prevailing geopolitical tensions, global supply chain issues and the Fed interest hikes, the Company estimates that the expected timeline for utilizing the net proceeds for the above mentioned real estate investment remains on or before the fourth quarter of 2023 as previously estimated and disclosed in the Company’s 2022 interim report. This expected timeline may be subject to further change based on the future development of the market conditions.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group received a written termination notice from the purchaser of its intention to not proceed with the purchase and sale agreement of investment properties with carrying amount of HK\$311,884,000 classified as assets held for sale. Details of the termination were set out in the announcement of the Company dated 6 February 2023.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3, 4	1,064,608	1,227,106
Direct costs and operating expenses	5	(478,436)	(493,701)
		586,172	733,405
Other income, gains/losses	6	40,732	63,434
Administrative and other expenses		(198,220)	(202,889)
Changes in fair value of financial instruments held for trading		(41,998)	28,883
Changes in fair value of financial assets at fair value through profit or loss		(154,797)	45,430
Changes in fair value of investment properties		(276,086)	(150,799)
Provision for impairment loss on financial assets		(10,509)	(1,418)
Share of results of associates		88	1,063
Finance costs	7	(371,746)	(419,329)
Loss attributable to limited partners and puttable instrument holders		130,800	186,386
(Loss)/profit before income tax	8	(295,564)	284,166
Income tax	9	(34,224)	(45,551)
(Loss)/profit for the year		(329,788)	238,615
(Loss)/profit for the year attributable to:			
Owners of the Company		(295,740)	(8,111)
Non-controlling interests		(34,048)	246,726
		(329,788)	238,615
Loss per share for loss attributable to owners of the Company	10		
– Basic (<i>HK dollars</i>)		(0.47)	(0.01)
– Diluted (<i>HK dollars</i>)		(0.47)	(0.01)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the year	(329,788)	238,615
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(2,378)	22,030
Other comprehensive income for the year	(2,378)	22,030
Total comprehensive income for the year	(332,166)	260,645
Total comprehensive income attributable to:		
Owners of the Company	(298,118)	13,919
Non-controlling interests	(34,048)	246,726
	(332,166)	260,645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Investment properties	12	8,194,869	8,498,509
Property, plant and equipment		26,335	40,901
Investments in joint ventures		8	–
Investments in associates		6,501	6,491
Financial assets at fair value through profit or loss	13	546,938	1,958,982
Deposits, prepayments and other receivables		75,949	69,398
Other financial assets		695,342	536,572
Restricted bank deposits		2,202	1,769
Deferred tax assets		157,955	90,671
		<u>9,706,099</u>	<u>11,203,293</u>
Current assets			
Properties under development		1,024,961	1,861,601
Properties held for sale		955,520	–
Deposits, prepayments and other receivables		214,329	498,173
Financial instruments held for trading		118,121	324,597
Tax recoverables		26,775	39,912
Restricted bank deposits		124,752	161,834
Cash and bank balances		790,673	824,947
		<u>3,255,131</u>	<u>3,711,064</u>
Assets classified as held for sale	14	<u>352,128</u>	<u>1,108,310</u>
		<u>3,607,259</u>	<u>4,819,374</u>
Total assets		<u>13,313,358</u>	<u>16,022,667</u>

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Current liabilities			
Other payables and accrued charges		606,375	750,192
Amounts due to shareholders		–	429,543
Tax payables		4,984	2,547
Borrowings	<i>15</i>	1,124,427	1,864,426
Other financial liabilities		–	139,009
		<u>1,735,786</u>	<u>3,185,717</u>
Net current assets		<u>1,871,473</u>	<u>1,633,657</u>
Total assets less current liabilities		<u>11,577,572</u>	<u>12,836,950</u>
Capital and reserves			
Share capital		371,191	371,191
Reserves		4,736,481	5,034,825
		<u>5,107,672</u>	<u>5,406,016</u>
Equity attributable to owners of the Company		5,107,672	5,406,016
Non-controlling interests		1,320,657	1,901,402
		<u>6,428,329</u>	<u>7,307,418</u>
Total equity		<u>6,428,329</u>	<u>7,307,418</u>
Non-current liabilities			
Other payables and accrued charges		24,610	25,065
Amounts due to shareholders		623,988	896,770
Borrowings	<i>15</i>	4,172,535	4,291,163
Other financial liabilities		225,196	268,758
Deferred tax liabilities		102,914	47,776
		<u>5,149,243</u>	<u>5,529,532</u>
Total equity and non-current liabilities		<u>11,577,572</u>	<u>12,836,950</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital <i>HKS'000</i>	Convertible preference shares reserve <i>HKS'000</i>	Perpetual bond <i>HKS'000</i>	Capital contribution reserve <i>HKS'000</i>	Revaluation surplus reserve <i>HKS'000</i>	Translation reserve <i>HKS'000</i>	Retained profits <i>HKS'000</i>	Attributable to owners of the Company <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
Balance at 1 January 2022	371,191	2,260,565	2,259,504	308,190	20,256	29,424	156,886	5,406,016	1,901,402	7,307,418
Loss for the year	-	-	-	-	-	-	(295,740)	(295,740)	(34,048)	(329,788)
Other comprehensive income										
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	(2,378)	-	(2,378)	-	(2,378)
Total comprehensive income for the year	-	-	-	-	-	(2,378)	(295,740)	(298,118)	(34,048)	(332,166)
Distributions paid to the holders of perpetual bond	-	-	-	-	-	-	(226)	(226)	-	(226)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	-	(97,004)	(97,004)
Change in ownership interest in a subsidiary without change of control	-	-	-	-	-	-	-	-	(449,693)	(449,693)
Balance at 31 December 2022	<u>371,191</u>	<u>2,260,565</u>	<u>2,259,504</u>	<u>308,190</u>	<u>20,256</u>	<u>27,046</u>	<u>(139,080)</u>	<u>5,107,672</u>	<u>1,320,657</u>	<u>6,428,329</u>

	Convertible preference		Capital Revaluation			Attributable to owners		Non-	Total	
	Share capital	shares reserve	Perpetual bond	contribution reserve	surplus reserve	Translation reserve	Retained profits	of the Company	controlling interests	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2021	371,191	2,260,565	2,259,504	308,190	20,256	7,394	165,223	5,392,323	1,794,362	7,186,685
Profit for the year	-	-	-	-	-	-	(8,111)	(8,111)	246,726	238,615
Other comprehensive income										
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	22,030	-	22,030	-	22,030
Total comprehensive income for the year	-	-	-	-	-	22,030	(8,111)	13,919	246,726	260,645
Distribution paid to the holder of perpetual bond	-	-	-	-	-	-	(226)	(226)	-	(226)
Distribution paid to non-controlling interests	-	-	-	-	-	-	-	-	(139,686)	(139,686)
Balance at 31 December 2021	<u>371,191</u>	<u>2,260,565</u>	<u>2,259,504</u>	<u>308,190</u>	<u>20,256</u>	<u>29,424</u>	<u>156,886</u>	<u>5,406,016</u>	<u>1,901,402</u>	<u>7,307,418</u>

NOTES

1. GENERAL

The financial information relating to the two years ended 31 December 2021 and 2022 included in this preliminary announcement of the annual results for the year ended 31 December 2022 do not constitute the statutory annual consolidated financial statements of Gemini Investments (Holdings) Limited (the “**Company**”) for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong (the “**Companies Ordinance**”)) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company’s auditor has reported on the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new or revised HKFRSs – from 1 January 2022

2021 Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments and HKFRS 16 Leases
Amendments to HKFRS 3	Reference to the Conceptual Framework

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current (the 2020 Amendments) ³
Amendments to HKAS 1	Non-Current Liabilities with Covenants (the 2022 Amendments) ³
HKFRS 17	Insurance Contracts ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ³

¹ No mandatory effective date yet determined but available for adoption.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after 1 January 2024.

The above new or revised HKFRSs that have been issued but not yet effective are unlikely to have material impact on the Group's consolidated results and consolidated financial statements upon application.

3. SEGMENT INFORMATION

Information reported to executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

- Property investment in the United States of America (the "U.S.")

Rental income and ancillary service income from leasing of office property and residential condominium which are managed by Gemini-Rosemont Realty LLC ("GR Realty").

- Property development in the U.S.

Income from sale of quality commercial and residential properties in the U.S. which are managed by GR Realty.

- Property investment in Hong Kong

Rental income from leasing of office and residential properties in Hong Kong.

- Fund investments

Investing in various investment funds and generating investment income.

- Securities and other investments

Investing in various securities and generating investment income.

Revenue and expenses are allocated to the reportable and operating segments with reference to the income generated from and the expenses incurred by those segments. Each of the reportable and operating segments is managed separately as the resources requirement of each of them is different.

The following is an analysis of the Group's revenue and results from operations by reportable and operating segments.

For the year ended 31 December 2022

	Managed by GR Realty					Elimination	Consolidated
	Property investment in the U.S. HK\$'000	Property development in the U.S. HK\$'000	Property investment in Hong Kong HK\$'000	Fund Investments HK\$'000	Securities and other investments HK\$'000		
Segment revenue	925,927	128,342	9,054	–	1,285	–	1,064,608
Less: Inter-segment sales	–	–	–	–	3,716	(3,716)	–
Revenue as presented in consolidated income statement	<u>925,927</u>	<u>128,342</u>	<u>9,054</u>	<u>–</u>	<u>5,001</u>	<u>(3,716)</u>	<u>1,064,608</u>
Segment results	<u>465,890</u>	<u>25,919</u>	<u>(29,494)</u>	<u>(157,791)</u>	<u>(42,453)</u>		262,071
Interest income from bank deposits							3,151
Depreciation							(18,007)
Provision for impairment loss on financial assets							(10,509)
Finance costs							(371,746)
Unallocated corporate expenses							(160,524)
Loss before income tax							<u>(295,564)</u>

For the year ended 31 December 2021

	Managed by GR Realty					Elimination	Consolidated
	Property investment in the U.S.	Property development in the U.S.	Property investment in Hong Kong	Fund investments	Securities and other investments		
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Segment revenue	1,211,908	–	9,709	–	5,489	–	1,227,106
Less: Inter-segment sales	–	–	–	–	3,976	(3,976)	–
Revenue as presented in consolidated income statement	<u>1,211,908</u>	<u>–</u>	<u>9,709</u>	<u>–</u>	<u>9,465</u>	<u>(3,976)</u>	<u>1,227,106</u>
Segment results	<u>820,708</u>	<u>(1,082)</u>	<u>(2,541)</u>	<u>44,727</u>	<u>29,936</u>		891,748
Interest income from bank deposits							5,833
Depreciation							(15,875)
Provision for impairment loss on financial assets							(1,418)
Finance costs							(419,329)
Unallocated corporate expenses							(176,793)
Profit before income tax							<u>284,166</u>

Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, depreciation, unallocated provision for impairment loss on financial assets, unallocated corporate expenses (including central administration and staff costs and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

(a) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets		
<i>Segment assets</i>		
– Property investment in the U.S.	9,927,328	10,908,546
– Property development in the U.S.	2,147,883	1,929,641
– Property investment in Hong Kong	406,789	440,063
– Fund investments	538,612	2,199,615
– Securities and other investments	190,925	361,900
<i>Unallocated assets</i>	101,821	182,902
	<hr/>	<hr/>
<i>Consolidated total assets</i>	13,313,358	16,022,667
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
<i>Segment liabilities</i>		
– Property investment in the U.S.	5,921,684	7,508,249
– Property development in the U.S.	636,310	484,542
– Property investment in Hong Kong	4,011	2,910
– Fund investments	268	–
– Securities and other investments	190	5,403
<i>Unallocated liabilities</i>	322,566	714,145
	<hr/>	<hr/>
<i>Consolidated total liabilities</i>	6,885,029	8,715,249
	<hr/> <hr/>	<hr/> <hr/>

Segment assets include all assets allocated to operating segments other than unallocated property, plant and equipment, deferred tax assets, unallocated deposits, prepayments and other receivables, tax recoverables, unallocated cash and bank balances which are not allocated to a segment.

Segment liabilities included all liabilities allocated to operating segments other than tax payables, deferred tax liabilities, unallocated amounts due to shareholders, unallocated lease liabilities and unallocated other payables and accrued charges.

The information disclosed above represented the segments to be identified on the basis of annual reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purpose of assessing their performance and allocating resources to segments.

For the year ended 31 December 2022

Other segment information

	Managed by GR Realty					Total HK\$'000
	Property investment in the U.S. HK\$'000	Property development in the U.S. HK\$'000	Property investment in Hong Kong HK\$'000	Fund investments HK\$'000	Securities and other investments HK\$'000	
	Amounts included in the measure of segment profit or loss or segment assets:					
Changes in fair value of financial instruments held for trading	-	-	-	-	(41,998)	(41,998)
Changes in fair value of financial assets at fair value through profit or loss	-	-	-	(156,305)	1,508	(154,797)
Changes in fair value of investment properties	(247,953)	9,218	(37,351)	-	-	(276,086)
Gain on disposal of investment properties	31,163	-	-	-	-	31,163
Loss attributable to limited partners and puttable instrument holders	130,800	-	-	-	-	130,800

For the year ended 31 December 2021

Other segment information

	Managed by GR Realty					Total HK\$'000
	Property investment in the U.S. HK\$'000	Property development in the U.S. HK\$'000	Property investment in Hong Kong HK\$'000	Fund investments HK\$'000	Securities and other investments HK\$'000	
	Amounts included in the measure of segment profit or loss or segment assets:					
Changes in fair value of financial instruments held for trading	-	-	-	-	28,883	28,883
Changes in fair value of financial assets at fair value through profit or loss	-	-	-	44,719	711	45,430
Changes in fair value of investment properties	(139,929)	-	(10,870)	-	-	(150,799)
Gain on disposal of investment properties	36,175	-	-	-	-	36,175
Loss attributable to limited partners and puttable instrument holders	186,386	-	-	-	-	186,386

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile) and the U.S..

The Group's revenue (excluded inter-segment sales) and its non-current assets, other than financial instruments and deferred tax assets by geographical location of the assets regarding its operations are detailed below:

	Revenue (excluded inter-segment sales)		Non-current assets other than financial instruments and deferred tax assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	9,515	10,585	406,280	451,964
The U.S.	1,054,902	1,213,555	7,814,924	8,087,446
Others	191	2,966	–	–
	<u>1,064,608</u>	<u>1,227,106</u>	<u>8,221,204</u>	<u>8,539,410</u>

(c) Information about major customers

For the years ended 31 December 2022 and 2021, no revenue from a single customer accounted for 10% or more of the total revenue of the Group.

4. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental income	740,921	983,833
Dividend income	1,285	5,490
Revenue from contracts with customers recognised at a point in time		
– Sale of properties	128,213	–
Revenue from contracts with customers recognised overtime		
– Ancillary service income to property leasing	194,189	237,783
	<u>1,064,608</u>	<u>1,227,106</u>

5. DIRECT COSTS AND OPERATING EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Repairs, maintenance and utilities	188,446	256,694
Property insurance costs	22,064	23,756
Property management expenses	37,469	38,114
Real estate taxes	119,281	170,998
Cost of properties sold	107,997	–
Others	3,179	4,139
	<u>478,436</u>	<u>493,701</u>

6. OTHER INCOME, GAINS/LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	4,867	7,966
Government grant (<i>Note</i>)	–	18,055
Gain on disposal of investment properties	31,163	36,175
Others	4,702	1,238
	<u>40,732</u>	<u>63,434</u>

Note:

Government grant related to the paycheck protection program set up by the U.S. Department of the Treasury for the purpose of providing financial support to enterprises to maintain their payroll and cover applicable overhead. There were no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the year ended 31 December 2021.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank and other borrowings	367,531	404,604
Interest expenses on lease liabilities	1,450	5,524
	<hr/>	<hr/>
Total interest expenses for financial liabilities that are not measured at fair value through profit or loss	368,981	410,128
Amortisation of arrangement fee	8,536	9,201
Less: Amount capitalised (<i>Note</i>)	(5,771)	–
	<hr/>	<hr/>
	371,746	419,329
	<hr/> <hr/>	<hr/> <hr/>

Note:

Borrowing costs have been capitalised during the year at various applicable rates ranging from 5% to 9.25% (2021: nil) per annum and included in the additions to properties under development.

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging and (crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
– Statutory audit services	2,250	2,100
– Other audit services	5,050	5,173
	<hr/>	<hr/>
	7,300	7,273
	<hr/>	<hr/>
Gross rental income from investment properties	(740,921)	(983,833)
Direct operating expenses arising from investment properties that generate rental income	370,439	493,701
	<hr/>	<hr/>
	(370,482)	(490,132)
	<hr/>	<hr/>
Net foreign exchange loss	4,271	4,356
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	1,703	1,961
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX

The taxation attributable to the Group's operation comprises:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	180
Under/(over) provision in respect of prior years	58	(5)
	<u>58</u>	<u>175</u>
Current tax – Overseas tax		
Provision for the year	28,697	8,958
Under-provision in respect of prior years	16	2,106
	<u>28,713</u>	<u>11,064</u>
Deferred tax expenses	5,453	34,312
Income tax	<u>34,224</u>	<u>45,551</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong for the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2 million of assessable profits of the qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Current taxes for subsidiaries outside Hong Kong are charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the adjusted loss for the year attributable to owners of the Company of approximately HK\$295,966,000 (2021: approximately HK\$8,337,000) and on the weighted average number of ordinary shares of 635,570,000 (2021: 635,570,000) in issue during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to owners of the Company	(295,740)	(8,111)
Less: Distributions paid to the holders of perpetual bond during the year	(226)	(226)
Adjusted loss attributable to the owners of the Company	<u>(295,966)</u>	<u>(8,337)</u>

(b) Diluted loss per share

No adjustment has been made to basic loss per share amount presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of convertible preference shares outstanding had an anti-dilutive effect on the basic loss per share amount presented.

11. DIVIDENDS

No dividend was paid or proposed in respect of the convertible preference shares and the ordinary shares of the Company during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

12. INVESTMENT PROPERTIES

The Group's investment properties comprise:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Properties in Hong Kong	406,280	439,690
Properties in the U.S.	7,788,589	8,058,819
	<u>8,194,869</u>	<u>8,498,509</u>

Note:

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The revaluation of investment properties during the current year gave rise to a net loss arising from changes in fair value of approximately HK\$ 276,086,000 (2021: approximately HK\$150,799,000) which has been recognised in profit or loss. Approximately 74% (2021: approximately 72%) of the investment properties of the Group were rented out under operating leases as at 31 December 2022.

As at 31 December 2022, investment properties of approximately HK\$7,392,670,000 (2021: approximately HK\$7,816,898,000) were pledged as collateral for bank borrowing of approximately HK\$4,463,079,000 (2021: approximately HK\$4,647,150,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 HK\$'000
Unlisted equity investments	–	82
Other assets (Note (a))	8,360	6,810
Unlisted fund investments (Note (b))	538,578	1,952,090
	<u>546,938</u>	<u>1,958,982</u>

The fair value of these investments as at 31 December 2022 and 2021 were estimated by BMI Appraisals Limited.

Notes:

(a) Other assets represented the club debentures. As the end of the reporting period, the fair value of the club debentures held by the Group was HK\$8,360,000 (2021: HK\$6,810,000).

As at 31 December 2022 and 2021, the fair value measurement of the unlisted equity investments and others assets were categorised within level 3 of the fair value hierarchy.

(b)(i) At 31 December 2021, the Group held approximately 151,000 participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "Sub-Fund"). The Sub-Fund invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest in, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term of different asset classes. The fair value of participating redeemable preference shares of the Sub-Fund held by the Group as at 31 December 2021 was approximately HK\$279,028,000. During the year ended 31 December 2022, the participating redeemable preference shares in the Sub-Fund were fully redeemed.

As at 31 December 2021, the fair value measurement of the unlisted fund investments as mentioned in Note (b)(i) above was categorised within level 2 of the fair value hierarchy.

(b)(ii) As at 31 December 2021, the Group held approximately 1,012,000 non-redeemable, non-voting participating shares of the Neutron Property Fund Limited (the “**Property Fund**”), which incorporated in the Cayman Islands and approximately 637,000 non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the “**Private Equity Fund**”). The fair value of the investments in the Property Fund and the Private Equity Fund as at 31 December 2021 was approximately HK\$475,453,000 and approximately HK\$529,614,000 respectively.

The investment objective of the Property Fund is to achieve medium to long term capital appreciation through investing substantially all of its assets available for investment in residential, industrial, retail and commercial real estate and related investments primarily in Hong Kong, the U.S. and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Co-operation and Development.

The investment objective of the Private Equity Fund is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments in the U.S., Europe, Japan and/or Australia.

On 27 October 2022, the Property Fund and the Private Equity Fund make a distribution partly in cash and partly in specie to the Group. Resolutions have been passed for voluntary winding up of the Property Fund and the Private Equity Fund thereafter.

(b)(iii) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP (the “**PRB Fund**”), pursuant to which the Group agreed to contribute commitments for a total amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000) as a limited partner to the PRB Fund. As at 31 December 2022, the fair value of the investments in the PRB Fund was approximately HK\$538,578,000 (2021: approximately HK\$667,995,000).

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in People’s Republic of China (the “**PRC**”) companies established for the purpose of developing real estates in the PRC with an expected return of not less than 6% per annum on the debt instruments and to invest in other investment funds.

As at 31 December 2022 and 2021, the Group has no outstanding commitments to make capital contribution.

As at 31 December 2022 and 2021, the fair value measurement of the unlisted fund investments as mentioned in Notes (b)(ii) and (b)(iii) above was categorised within level 3 of the fair value hierarchy.

14. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale is as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Investment properties	<u>352,128</u>	<u>1,108,310</u>

15. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Lease liabilities		
Within 1 year	12,746	14,173
After 1 year but within 2 years	4,876	12,279
After 2 years but within 5 years	3,621	7,161
Over 5 years	–	53,674
	<u>21,243</u>	<u>87,287</u>
Bank loans and revolving loans (<i>Note (a)</i>)		
Within 1 year	854,373	1,654,964
After 1 year but within 2 years	209,060	264,005
After 2 years but within 5 years	2,967,325	2,684,950
Over 5 years	612,828	714,176
	<u>4,643,586</u>	<u>5,318,095</u>
Notes payable (<i>Note (b)</i>)		
Within 1 year	257,308	195,289
After 1 year but within 2 years	239,805	203,490
After 2 years but within 5 years	135,020	351,428
	<u>632,133</u>	<u>750,207</u>
Total borrowings	5,296,962	6,155,589
Amount due within 1 year included under current liabilities	<u>(1,124,427)</u>	<u>(1,864,426)</u>
	<u><u>4,172,535</u></u>	<u><u>4,291,163</u></u>

Notes:

(a) The bank loans and revolving loans are denominated in the following currencies:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured		
HK\$	201,600	210,000
U.S. dollars	4,426,392	5,108,095
	<u>4,627,992</u>	<u>5,318,095</u>
Unsecured		
U.S. dollars	15,594	–
	<u>4,643,586</u>	<u>5,318,095</u>

The bank loans and revolving loans amounted to approximately HK\$4,627,992,000 (2021: approximately HK\$5,318,095,000) were secured by way of legal charges over certain of the Group's investment properties, pledged bank deposits, properties under development and the interests of certain subsidiaries of the Group.

(b) All the notes payable are denominated in U.S. dollars and were secured by way of legal charges over the interests of certain subsidiaries of the Group.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group received a written termination notice from the purchaser of its intention to not proceed with the purchase and sale agreement of investment properties with carrying amount of HK\$311,884,000 classified as assets held for sale (Note 14). Details of the termination were set out in the announcement of the Company dated 6 February 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries during the Year.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS’ SHARES DEALINGS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. All Directors, following specific enquiries made by the Company, have confirmed that they have complied with the required standard as set out in the Model Code during the Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has complied with the applicable code provisions (the “**Code Provisions**”) as set out in Part 2 of Appendix 14 (Corporate Governance Code) to the Listing Rules as and when they were/are in force, except for Code Provision C.2.7.

Code Provision C.2.7 requires that the chairman of the Board (the “**Chairman**”) should at least annually hold meetings with the independent non-executive Directors without other Directors present. Although the Chairman did not hold a meeting with the independent non-executive Directors without the presence of other Directors during the Year, the Chairman delegated the chief executive officer of the Company to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and policies adopted by the Group and the annual results for the year ended 31 December 2022.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2022 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float for its ordinary shares as required under the Listing Rules as at the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The 2022 annual report of the Company containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and available on the Company's website at www.geminiinvestments.com.hk and HKExnews website at www.hkexnews.hk in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to all shareholders, business partners and bank enterprises for their trust and unwavering support over the years and to its fellow Board members, the management and staff for their commitment and dedication to the Group.

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

Hong Kong, 10 March 2023

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

Executive Directors:

Mr. SUM Pui Ying
Mr. LAI Kwok Hung, Alex
Ms. LAM Yee Lan

Non-executive Directors:

Mr. TANG Runjiang
Mr. ZHOU Yue

Independent non-executive Directors:

Mr. LO Woon Bor, Henry
Ms. CHEN Yingshun
Mr. LEE Sai Kai, David