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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (the “**Director(s)**” or the “**Board**”) of Gemini Investments (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together referred to as the “**Group**”, “our **Group**” or “**We**”/“**we**”) for the six months ended 30 June 2023 (the “**2023 Interim Period**”). The unaudited interim results of the Company have been reviewed by the Company’s audit committee.

During the 2023 Interim Period, the Group recorded a revenue of HK\$512 million (for the six months ended 30 June 2022 (the “**2022 Interim Period**”): HK\$491 million), and a loss attributable to owners of the Company of HK\$379 million (2022 Interim Period: a loss attributable to owners of the Company of HK\$147 million). As the global economy suffered from the continuous impact after the pandemic and the recovery of global economy was hindered by multiple interest rate hikes of major central banks, the capital market continued to fluctuate volatily during the 2023 Interim Period with a decline in asset prices. The fair value of our properties recorded a decrease of approximately 5% (about HK\$387 million).

The Board does not recommend the payment of any interim dividend on the ordinary shares of the Company for the 2023 Interim Period.

BUSINESS REVIEW AND PROSPECTS

During the 2023 Interim Period, the Group continued to focus on its property investment and property development business in the United States (the “U.S.”).

Since the outbreak of the COVID-19 pandemic in the past few years, the Group has been reviewing and adjusting its investment and operation strategies in advance, and managed the real estate business in the U.S. (which is the principal business of the Group) through Gemini-Rosemont Realty LLC (“**GR Realty**”), our U.S.-based property fund management platform.

During the 2023 Interim Period, the Group continued to consolidate the operations of its office buildings, keeping rental income and ancillary service income from these properties at a stable level. During the 2023 Interim Period, leveraging on the market and exit conditions, the Group completed the disposal of 2 office building properties located in the Central U.S..

Besides, the Group continued to push through the sales for its residential development project located at Avenue of the Americas, Manhattan, New York City, the U.S., and recorded a total sales revenue of HK\$53 million during the 2023 Interim Period. Meanwhile, another residential development project (North First Street) located in New York City, the U.S. proceeded smoothly to the last phase of development.

Stepping into 2023, the global economy is moving away from the cloudy economic environment brought by various disturbing factors such as the impact of the pandemic, Russia-Ukraine war and supply chain disruption, and is entering into a recovery stage. Among the advanced economies in the world, the economic growth of the U.S. is estimated to be 1.6% this year, with an estimated further decrease to 1.1% next year. The market continues to focus on whether the U.S. economy will slide into recession or achieve soft landing. The U.S. federal funds rate remains at its highest level in 16 years. The market generally expects that the U.S. Federal Reserve may raise interest rates further by the end of 2023. In terms of the housing market, the U.S. Federal Reserve’s policy of raising interest rates has led to the mortgage interest rates in the U.S. increased to more than 7% for the first time in the past 20 years. It is expected that the U.S. real estate market will keep slowing down, while real estate financing will remain in a difficult situation.

Looking ahead to the second half of this year, the Company will continue to closely monitor the pulse of the global economy and the dynamic development of the real estate market, like the pace of interest rate hikes by the Federal Reserve, the economic data of the U.S., etc. Meanwhile, the Company will remain continuously optimistic and implement its current operation strategy for the overall interests of shareholders.

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 65% and 3% of our total assets as at 30 June 2023 respectively, and properties held for sale and properties under development in the U.S. accounted for 9% and 4% of our total assets as at 30 June 2023 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 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..

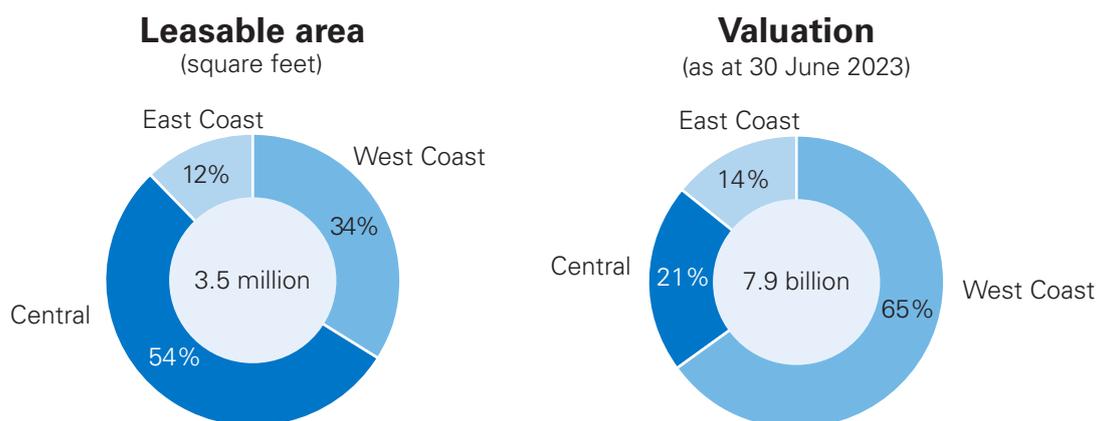
Property Investments in the U.S. (managed by GR Realty)

As at 30 June 2023, our balanced property portfolio comprised 12 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 30 June 2023, the carrying value of our investment properties (including those classified as assets classified as held for sale) in the U.S. was HK\$7,872 million (as at 31 December 2022: HK\$8,141 million). Total revenue generated from investment properties in the U.S. was HK\$444 million (2022 Interim Period: HK\$486 million). Decreases in both the carrying value and revenue were mainly as a result of successful disposal of 2 investment properties during the 2023 Interim Period (2022 Interim Period: 5 investment properties disposed of), which brought a gain on disposal of HK\$4 million (2022 Interim Period: a gain on disposal of HK\$31 million), with net proceeds reserved for general working capital and future sound investments. There was no acquisition of investment properties during the 2023 Interim Period and the 2022 Interim Period.

At at 30 June 2023, the total leasable area of our investment properties in the U.S. was 3,467,000 square feet (as at 31 December 2022: 3,712,000 square feet), with an average occupancy rate of 74%.

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.

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

The Group's property development projects comprise residential redevelopments located at (i) Avenue of the Americas, Manhattan, New York City, (ii) North First Street, Brooklyn, New York City and (iii) Second Avenue, Manhattan, New York City.

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 and rent. During the 2023 Interim Period, revenue generated from sale of residential units was HK\$53 million (2022 Interim Period: nil) and revenue generated from rent of residential units was HK\$4 million (2022 Interim Period: 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 other amenities. The estimated gross floor area is 78,000 square feet, and completion is expected in the second half of 2023. The Second Avenue project was planned to be developed into a residential building with splendid amenities and estimated gross floor area of 137,000 square feet, and had completed its demolition stage. However, in view of the project complexity, management is now planning a sale of the whole project and thus as at 30 June 2023, this project was reclassified to properties held for sale with a write down to its net realisable value by HK\$134 million.

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\$408 million (as at 31 December 2022: HK\$406 million), representing 3% of our total assets as at 30 June 2023 (as at 31 December 2022: 3%). During the 2023 Interim Period, rental revenue from investment properties in Hong Kong was HK\$4 million (2022 Interim Period: HK\$5 million), and average occupancy rate was 82%.

Other Operations

Other operations mainly include fund investments and securities investments. As at 30 June 2023, the balance of our securities investment was nil (as at 31 December 2022: HK\$118 million). Securities investments generated fair value gain of HK\$12 million for the 2023 Interim Period (2022 Interim Period: a loss of HK\$42 million). The Group had completely realized its portfolio of securities investments during the 2023 Interim Period as risk mitigation measures given volatile market conditions amid uncertain global economy.

As at 30 June 2023, the carrying amount of our fund investment portfolio (classified as “financial assets at fair value through profit or loss”) was HK\$523 million (as at 31 December 2022: HK\$539 million), with aggregate gain on change of fair value of HK\$4 million recorded during the 2023 Interim Period (2022 Interim Period: loss of HK\$141 million).

In May 2023, Prosperity Risk Balanced Fund LP (“**PRB Fund**”) made a partial distribution, mainly in specie, to the Group as its limited partner (the “**Distribution**”). The Distribution to the Group mainly includes the entire equity interest in an investment vehicle 100% owned by the PRB Fund. After the Distribution, the investment vehicle had become a subsidiary of the Company. The major asset and investment of the investment vehicle comprised fund investments which were recorded and classified as financial assets of the Group at fair value through profit or loss. Other than re-classification of assets in the financial statements of the Group, there was no material financial impact to the Group and its results during the 2023 Interim Period resulting from the Distribution.

FINANCIAL REVIEW

Revenue

The components of our revenue are analysed as follows:

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	350,662	395,209
Ancillary service income to property leasing and management service income	107,420	95,523
Sales of properties	53,276	–
Others	259	650
	<u>511,617</u>	<u>491,382</u>

Due to the disposal of 2 of our 14 commercial properties in the U.S., the rental income decreased by HK\$45 million to HK\$351 million. Ancillary service income to property leasing and management service income of HK\$107 million was recorded, which mainly comprised income for services provided to tenants of HK\$71 million and parking lot income of HK\$21 million.

Sale of residential units in the redevelopment project located at Avenue of the Americas (which was completed at the end of 2022) generated revenue of HK\$53 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:

	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Repairs, maintenance and utilities	83,724	97,964
Property insurance and management expense	26,644	29,890
Real estate taxes	70,865	104,706
Cost of properties sold	48,489	–
Write down of properties held for sale to net realisable value	133,730	–
Others	4,997	1,514
	<u>368,449</u>	<u>234,074</u>

Due to the disposal of 2 of our 14 commercial properties in the U.S., there were decreases in repairs, maintenance and utilities by HK\$14 million and real estate taxes by HK\$34 million.

Cost of properties sold of HK\$48 million was recorded in 2023 Interim Period. Such properties sold related to the units of the redevelopment project located at Avenue of the Americas.

The redevelopment project located at Second Avenue was written down to its net realisable value by HK\$134 million upon being reclassified to properties held for sale. Details of this redevelopment project and the reason for its reclassification are described in the section headed “Property Developments in the U.S. (managed by GR Realty)” above.

Loss arising from changes in fair value of investment properties and changes in fair value of assets classified as held for sale

Loss arising from changes in fair value of investment properties and changes in fair value of assets classified as held for sale of the Group of HK\$348 million and HK\$39 million were recorded respectively during the 2023 Interim Period (2022 Interim Period: profit of HK\$4 million and nil respectively).

Due to slowdown of property markets in the U.S. and Hong Kong brought by multiple factors like continuing interest rate hikes during the first half of 2023 and weakening economic growth, fair value of our investment properties recorded an overall decrease in value by 5%. Certain properties located in Central and East Coast of the U.S., recorded decrease in value by 9% (about HK\$258 million) in aggregate, whilst our other properties in the West Coast of the U.S. recorded decrease in value by 3% (about HK\$131 million) in aggregate. Investment properties located in Hong Kong recorded slight increase in value by 1% (about HK\$2 million) in aggregate.

Other income, gains/losses

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

	Six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
Gain on disposal of investment properties	3,564	31,142
Interest income	3,806	3,153
Others	495	583
	<u>7,865</u>	<u>34,878</u>

During the 2023 Interim period, other income, gains/losses mainly comprises gain of HK\$4 million from the disposal of 2 investment properties located in the U.S..

Administrative and other expenses

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

	Six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
Employee costs	47,986	42,192
Legal and professional fee	26,220	23,500
Depreciation	8,857	8,294
Insurance expenses	4,210	3,658
Informative service fee	5,412	4,961
Auditors' remuneration	3,497	2,730
Exchange difference	(15,232)	(7,014)
Others	13,868	17,615
	<u>94,818</u>	<u>95,936</u>

Other than the movement on exchange difference of HK\$8 million under strengthened U.S. dollars, there was no material fluctuation on administrative and other expenses as a whole. Employee cost increased slightly as the U.S. labour market was experiencing labor shortages in various industries with increase in new hiring wages.

Finance costs

Finance costs (net of interest capitalisation) of HK\$203 million on our borrowings were recognised during the 2023 Interim Period (2022 Interim Period: HK\$182 million). The increase was due to the effect of interest hike offset by settlement of mortgage loan upon the disposal of investment properties located in the U.S..

Loss attributable to limited partners and puttable instrument holders

Loss attributable to limited partners of HK\$123 million (2022 Interim Period: loss of HK\$57 million) and no gain/loss attributable to puttable instrument holders (2022 Interim Period: gain of HK\$7 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\$123 million attributable to limited partners, mainly arose from the fair value decrease of investment properties mainly located in the East Coast and Central of the 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 30 June 2023, the Group had cash resources totaling HK\$434 million (as at 31 December 2022: HK\$791 million) and committed undrawn borrowing facilities of HK\$368 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 30 June 2023, the borrowings (excluding lease liabilities) of the Group amounted to HK\$4,748 million (as at 31 December 2022: HK\$5,276 million). The Group's borrowings included bank loans and revolving loans and notes payables. The decrease in cash resources and borrowings was mainly due to settlement of mortgage loan upon maturity and disposal of investment properties. As at 30 June 2023, the proportions of short-term borrowings and long-term borrowings of the Group were 17% and 83% respectively. The maturities of the Group's borrowings are set out as follows:

	30 June 2023 <i>(HK\$ million)</i>	As percentage of borrowings	31 December 2022 <i>(HK\$ million)</i>	As percentage of borrowings
Within 1 year	746	16%	1,112	21%
1-2 years	3,005	63%	449	8%
2-5 years	816	17%	3,102	59%
Over 5 years	181	4%	613	12%
	4,748	100%	5,276	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) was 72% at 30 June 2023 (31 December 2022: 70%). 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 30 June 2023, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2023, our Group had pledged bank deposits amounting to HK\$46 million (as at 31 December 2022: HK\$41 million), investment properties of HK\$7,241 million (as at 31 December 2022: HK\$7,393 million) and properties under development of nil value (as at 31 December 2022: HK\$421 million), together with the interests of certain subsidiaries of the Group as securities to secure borrowings of our Group of HK\$4,261 million (as at 31 December 2022: HK\$5,260 million).

Significant Investments

As at 30 June 2023, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets as at 30 June 2023.

Contingent Liabilities

As at 30 June 2023, our Group had no significant contingent liabilities.

Capital Commitments

As at 30 June 2023, our Group had capital commitments of HK\$41 million (as at 31 December 2022: HK\$106 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 30 June 2023 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 30 June 2023, 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 annual report. This expected timeline may be subject to further change based on the future development of the market conditions.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4,5	511,617	491,382
Direct costs and operating expenses	6	<u>(368,449)</u>	<u>(234,074)</u>
		143,168	257,308
Other income, gains/losses	7	7,865	34,878
Administrative and other expenses		(94,818)	(95,936)
Changes in fair value of financial instruments held for trading		12,143	(41,778)
Changes in fair value of financial assets at fair value through profit or loss		3,681	(140,600)
Changes in fair value of investment properties		(347,564)	3,728
Changes in fair value of assets classified as held for sale		(39,027)	–
Provision for impairment loss on financial assets		(629)	(611)
Share of results of associates		–	88
Finance costs	8	(202,862)	(182,417)
Loss attributable to limited partners and puttable instrument holders		<u>122,620</u>	<u>50,227</u>
Loss before income tax		(395,423)	(115,113)
Income tax	9	<u>(16,064)</u>	<u>(23,576)</u>
Loss for the period		<u>(411,487)</u>	<u>(138,689)</u>
Loss for the period attributable to:			
Owners of the Company		(379,245)	(146,986)
Non-controlling interests		<u>(32,242)</u>	<u>8,297</u>
		<u>(411,487)</u>	<u>(138,689)</u>
Loss per share for loss attributable to owners of the Company	10		
– Basic (HK dollars)		(0.60)	(0.23)
– Diluted (HK dollars)		<u>(0.60)</u>	<u>(0.23)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	<u>(411,487)</u>	<u>(138,689)</u>
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	<u>17,822</u>	<u>6,879</u>
Other comprehensive income for the period	<u>17,822</u>	<u>6,879</u>
Total comprehensive income for the period	<u>(393,665)</u>	<u>(131,810)</u>
Total comprehensive income attributable to:		
Owners of the Company	(361,423)	(140,107)
Non-controlling interests	<u>(32,242)</u>	<u>8,297</u>
	<u>(393,665)</u>	<u>(131,810)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties	12	8,000,810	8,194,869
Property, plant and equipment		25,706	26,335
Investments in joint ventures		6,310	8
Investments in associates		6,033	6,501
Financial assets at fair value through profit or loss	13	531,143	546,938
Deposits, prepayments and other receivables		73,266	75,949
Other financial assets		520,115	695,342
Restricted bank deposits		132	2,202
Deferred tax assets		161,743	157,955
		<u>9,325,258</u>	<u>9,706,099</u>
Current assets			
Properties under development		478,598	1,024,961
Properties held for sale		1,121,820	955,520
Deposits, prepayments and other receivables		141,330	214,329
Financial instruments held for trading		–	118,121
Tax recoverables		26,121	26,775
Restricted bank deposits		192,187	124,752
Cash and bank balances		433,789	790,673
		<u>2,393,845</u>	<u>3,255,131</u>
Assets classified as held for sale	14	<u>279,647</u>	<u>352,128</u>
		<u>2,673,492</u>	<u>3,607,259</u>
Total assets		<u>11,998,750</u>	<u>13,313,358</u>

		At 30 June 2023 <i>HK\$ '000</i> (Unaudited)	At 31 December 2022 <i>HK\$ '000</i> (Audited)
Current liabilities			
Other payables and accrued charges		482,533	606,375
Tax payables		4,659	4,984
Borrowings	15	754,986	1,124,427
		<u>1,242,178</u>	<u>1,735,786</u>
Net current assets		<u>1,431,314</u>	<u>1,871,473</u>
Total assets less current liabilities		<u><u>10,756,572</u></u>	<u><u>11,577,572</u></u>
Capital and reserves			
Share capital		371,191	371,191
Reserves		4,374,832	4,736,481
Equity attributable to owners of the Company		4,746,023	5,107,672
Non-controlling interests		1,234,985	1,320,657
Total equity		<u>5,981,008</u>	<u>6,428,329</u>
Non-current liabilities			
Other payables and accrued charges		32,805	24,610
Amount due to a shareholder		423,777	623,988
Borrowings	15	4,006,923	4,172,535
Other financial liabilities		202,499	225,196
Deferred tax liabilities		109,560	102,914
		<u>4,775,564</u>	<u>5,149,243</u>
Total equity and non-current liabilities		<u><u>10,756,572</u></u>	<u><u>11,577,572</u></u>

NOTES

1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements of Gemini Investments (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2022 that is included in the Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies in Hong Kong course as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Chapter 622).

The Interim Financial Statements were approved and authorised for issue on 11 August 2023.

2. BASIS OF PREPARATION

The preparation of the Interim Financial Statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The Interim Financial Statements are presented in Hong Kong Dollars (“**HKS**”), unless otherwise stated. The Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The Interim Financial Statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the 2022 consolidated financial statements.

The Interim Financial Statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments of the Group, which are measured at fair values, as appropriate.

The Interim Financial Statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023.

In the current period, the Group has applied for the first time the following new or revised HKFRSs that are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2023.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The adoption of the above new or revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

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 and related amendments to Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements ²
Amendments to HKAS 1	Non-current liabilities with Covenants ²
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²

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

² Effective for annual periods beginning on or after 1 January 2024.

4. SEGMENT INFORMATION

Information reported to the 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.

Specially, 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, ancillary service income from leasing of office property and residential condominium and management service income 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 six months ended 30 June 2023

	Managed by GR Realty					Consolidated <i>HK\$'000</i> (Unaudited)
	Property investment in the U.S. <i>HK\$'000</i> (Unaudited)	Property development in the U.S. <i>HK\$'000</i> (Unaudited)	Property investment in Hong Kong <i>HK\$'000</i> (Unaudited)	Fund Investments <i>HK\$'000</i> (Unaudited)	Securities and other investments <i>HK\$'000</i> (Unaudited)	
Segment revenue	454,542	53,276	3,540	–	1,686	513,044
Less: Inter-segment sales	–	–	–	–	(1,427)	(1,427)
Revenue as presented in condensed consolidated income statement	<u>454,542</u>	<u>53,276</u>	<u>3,540</u>	<u>–</u>	<u>259</u>	<u>511,617</u>
Segment results	<u>(21,300)</u>	<u>(108,197)</u>	<u>4,911</u>	<u>8,100</u>	<u>13,318</u>	<u>(103,168)</u>
Interest income from bank deposits						3,806
Depreciation						(8,857)
Provision for impairment loss on financial assets						(629)
Finance costs						(202,862)
Unallocated corporate expenses						<u>(83,713)</u>
Loss before income tax						<u><u>(395,423)</u></u>

For the six months ended 30 June 2022

	Managed by GR Realty					Consolidated <i>HK\$'000</i> (Unaudited)
	Property investment in the U.S. <i>HK\$'000</i> (Unaudited)	Property development in the U.S. <i>HK\$'000</i> (Unaudited)	Property investment in Hong Kong <i>HK\$'000</i> (Unaudited)	Fund Investments <i>HK\$'000</i> (Unaudited)	Securities and other investments <i>HK\$'000</i> (Unaudited)	
Segment revenue	486,140	–	4,592	–	2,565	493,297
Less: Inter-segment sales	–	–	–	–	(1,915)	(1,915)
Revenue as presented in condensed consolidated income statement	<u>486,140</u>	<u>–</u>	<u>4,592</u>	<u>–</u>	<u>650</u>	<u>491,382</u>
Segment results	<u>344,270</u>	<u>(573)</u>	<u>(6,197)</u>	<u>(142,186)</u>	<u>(39,230)</u>	156,084
Interest income from bank deposits						2,196
Depreciation						(8,294)
Provision for impairment loss on financial assets						(611)
Finance costs						(182,417)
Unallocated corporate expenses						<u>(82,071)</u>
Loss before income tax						<u>(115,113)</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.

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

	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Assets		
Segment assets		
– Property investment in the U.S.	9,265,708	9,927,328
– Property development in the U.S.	1,688,639	2,147,883
– Property investment in Hong Kong	408,919	406,789
– Fund investments	522,913	538,612
– Securities and other investments	8,753	190,925
Unallocated assets	103,818	101,821
	<hr/>	<hr/>
Consolidated total assets	11,998,750	13,313,358
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Segment liabilities		
– Property investment in the U.S.	5,225,508	5,921,684
– Property development in the U.S.	453,490	636,310
– Property investment in Hong Kong	4,010	4,011
– Fund investments	268	268
– Securities and other investments	190	190
Unallocated liabilities	334,276	322,566
	<hr/>	<hr/>
Consolidated total liabilities	6,017,742	6,885,029
	<hr/> <hr/>	<hr/> <hr/>

Segment assets include all assets are 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 are allocated to operating segments other than tax payables, deferred tax liabilities, unallocated lease liabilities and unallocated other payables and accrued charges.

The information disclosed above represented the segments to be identified on the basis of interim 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.

5. REVENUE

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Rental income	350,662	395,209
Dividend income	259	650
Revenue from contracts with customers recognised at a point in time		
– Sale of properties	53,276	–
Revenue from contracts with customers recognised overtime		
– Ancillary service income to property leasing and management service income	107,420	95,523
	<u>511,617</u>	<u>491,382</u>

6. DIRECT COSTS AND OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Repairs, maintenance and utilities	83,724	97,964
Property insurance costs	9,329	12,871
Property management expenses	17,315	17,019
Real estate taxes	70,865	104,706
Cost of properties sold	48,489	–
Write down of properties held for sale to net realisable value	133,730	–
Others	4,997	1,514
	<u>368,449</u>	<u>234,074</u>

7. OTHER INCOME, GAINS/LOSSES

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	3,806	3,153
Gain on disposal of investment properties	3,564	31,142
Others	495	583
	<u>7,865</u>	<u>34,878</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	194,997	177,163
Interest expenses on lease liabilities	428	937
	<u>195,425</u>	<u>178,100</u>
Total interest expenses for financial liabilities that are not measured at fair value through profit or loss	7,437	4,317
Amortisation of arrangement fee		
	<u>202,862</u>	<u>182,417</u>

9. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Over provision in respect of prior years	<u>(97)</u>	<u>–</u>
Current tax – Overseas tax		
Provision for the period	12,164	19,306
Under/(over) provision in respect of prior years	<u>997</u>	<u>(304)</u>
	<u>13,161</u>	<u>19,002</u>
Total current tax	13,064	19,002
Deferred tax expenses	<u>3,000</u>	<u>4,574</u>
Income tax	<u><u>16,064</u></u>	<u><u>23,576</u></u>

No Hong Kong profits tax was provided for the six months ended 30 June 2023 and 2022 as the Group has no estimated assessable profit for the period.

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 period attributable to owners of the Company of approximately HK\$379,471,000 (six months ended 30 June 2022: approximately HK\$147,212,000) and on the weighted average number of ordinary shares of 635,570,000 (six months ended 30 June 2022: 635,570,000) in issue during the period.

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	(379,245)	(146,986)
Less: Distributions paid to the holders of perpetual bond during the period	(226)	(226)
Adjusted loss attributable to owners of the Company	<u>(379,471)</u>	<u>(147,212)</u>

(b) Diluted loss per share

No adjustment was made to basic loss per share amount presented for the six months ended 30 June 2023 and 2022 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. INTERIM DIVIDEND

The board of directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2022: Nil).

12. INVESTMENT PROPERTIES

The Group's investment properties comprise:

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Properties in Hong Kong	408,410	406,280
Properties in the U.S.	7,592,400	7,788,589
	<u>8,000,810</u>	<u>8,194,869</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 period gave rise to a net loss arising from changes in fair value of approximately HK\$347,564,000 (six months ended 30 June 2022: net gain of approximately HK\$3,728,000) which has been recognised in profit or loss. Approximately 74% (31 December 2022: approximately 74%) of the investment properties of the Group were rented out under operating leases as at 30 June 2023.

As at 30 June 2023, investment properties of approximately HK\$7,240,926,000 (31 December 2022: approximately HK\$7,392,670,000) were pledged as collateral for bank borrowings of approximately HK\$4,261,427,000 (31 December 2022: approximately HK\$4,463,079,000).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Other assets (<i>Note (a)</i>)	8,310	8,360
Unlisted fund investments (<i>Note (b)</i>)	<u>522,833</u>	<u>538,578</u>
	<u>531,143</u>	<u>546,938</u>

The fair value of these investments as at 30 June 2023 and 31 December 2022 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\$8,310,000 (31 December 2022: HK\$8,360,000).

(b)(i) 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.

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles with an expected return of not less than 6% per annum on the debt instruments and to invest in other investment funds.

On 27 April 2023, its directors have resolved to make a partial distribution to its limited partner. As at 30 June 2023, the fair value of the investments in the PRB Fund was approximately HK\$50,126,000 (31 December 2022: approximately HK\$538,578,000).

As at 30 June 2023 and 31 December 2022, the Group has no outstanding commitments to make capital contribution.

(b)(ii) On 27 April 2023, the PRB Fund’s directors have resolved to make a partial distribution to its limited partner. After distribution, the Group indirectly held limited partner interest of an entity (the “**Fund**”) and the investment objective of the Fund is to invest in real estates. As at 30 June 2023, the fair value of the investments in the Fund was approximately HK\$472,707,000 (31 December 2022: Nil).

As at 30 June 2023 and 31 December 2022, the fair value measurement of the other assets as mentioned in Note (a) above and unlisted fund investments as mentioned in Notes (b)(i) and (b)(ii) above were 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:

	30 June 2023 HK\$’000 (Unaudited)	31 December 2022 HK\$’000 (Audited)
Investment properties	<u>279,647</u>	<u>352,128</u>

15. BORROWINGS

	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Lease liabilities		
Within 1 year	8,593	12,746
After 1 year but within 2 years	3,943	4,876
After 2 years but within 5 years	1,696	3,621
	<u>14,232</u>	<u>21,243</u>
Bank loans and revolving loans (<i>Note (a)</i>)		
Within 1 year	622,063	854,373
After 1 year but within 2 years	2,779,068	209,060
After 2 years but within 5 years	679,499	2,967,325
Over 5 years	180,797	612,828
	<u>4,261,427</u>	<u>4,643,586</u>
Notes payable (<i>Note (b)</i>)		
Within 1 year	124,330	257,308
After 1 year but within 2 years	226,178	239,805
After 2 years but within 5 years	135,742	135,020
	<u>486,250</u>	<u>632,133</u>
Total borrowings	4,761,909	5,296,962
Amount due within 1 year included under current liabilities	<u>(754,986)</u>	<u>(1,124,427)</u>
	<u><u>4,006,923</u></u>	<u><u>4,172,535</u></u>

Notes:

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Secured		
HK\$	201,600	201,600
U.S. dollars	4,059,827	4,426,392
	4,261,427	4,627,992
Unsecured		
U.S. dollars	–	15,594
	4,261,427	4,643,586

The bank loans and revolving loans amounted to approximately HK\$4,261,427,000 (31 December 2022: approximately HK\$4,627,992,000) were secured by way of legal charges over certain of the Group's investment properties, pledged bank deposits, assets classified as held for sale, 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.

CORPORATE GOVERNANCE

During the 2023 Interim Period, the Company has complied with the applicable code provisions as set out in Part 2 of Appendix 14 (Corporate Governance Code) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as and when they were/are in force.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

At the request of the audit committee of the Company (the “**Audit Committee**”), the auditor of the Company has carried out a review of the unaudited interim financial information of the Group for the 2023 Interim Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information of the Group for the 2023 Interim Period.

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. 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 2023 Interim Period.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company’s securities has been requested to follow such code when dealing in the securities of the Company.

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 2023 Interim Period.

PUBLICATION OF INTERIM REPORT

The 2023 interim 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, 11 August 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