盛洋投资

Gemini Investments (Holdings) Limited
盛 洋 投 資（控 股）有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of directors of the Company (the "**Board**") is pleased to announce the audited consolidated results of Gemini Investments (Holdings) Limited (the "**Company**") and its subsidiaries (together referred to as "**our Group**" or "**we**") for the year ended 31 December 2016 (the "**Year**" or "**2016**"). The audited consolidated results of the Company have been reviewed by the Company's audit committee.

2016 has been a year of continuing growth and expansion of our Group's business. We stayed focus on our core business segment of investment in fund platform, property investment and development, fund investment, and securities investment business. With the determination and execution of our Group's management, and through a series of acquisition, disposition and restructuring activities, we aim to optimise our resources allocation, improve our financial position, and solid our foundation in overseas real estate market, especially the fund platform in the United States of America (the "**U.S.**") and property investment and development business segment.

FINANCIAL RESULTS

Owing to the harvest of certain real estate funds we have invested, which distributed dividend income of approximately HK$59.1 million during the Year, our Group recorded a total revenue of approximately HK$83.1 million, representing a significant increase when compared to approximately HK$22.6 million in 2015.

The overall financial result is improved with loss attributable to the owners of the Company decreased from approximately HK$1.1 billion for 2015 to approximately HK$253.4 million for 2016.

Despite increasing income generated from our investments over the past two years, including dividend income from real estate funds and profit shared from U.S. real estate fund platform — Gemini-Rosemont Realty LLC ("**GR Realty**"), loss recorded during the Year was mainly due to (i) share of loss of approximately HK$159.5 million from a joint venture of the Company, namely Sino Prosperity Real Estate Fund L.P. (the "**SPRE Fund**"), which entire interest was disposed of by the Company in June 2016 for a total consideration of Renminbi ("**RMB**") 970.0 million. The Company has no interest in the SPRE Fund since then; and (ii) finance cost of approximately HK$235.7 million from shareholder's loans with principal amount of approximately HK$2,245.5 million from Grand Beauty Management Limited ("**Grand Beauty**"), an indirect wholly-owned subsidiary of our controlling shareholder, Sino-Ocean Group Holding Limited ("**Sino-Ocean**" and, together with its subsidiaries, "**Sino-Ocean Group**"), as at 31 December 2016. As announced in January 2017, the Company entered into a capitalisation and subscription agreement with Grand Beauty, pursuant to which the parties have conditionally agreed to capitalise the shareholder's loans in the principal amount of approximately HK$1,782.8 million (and the related accrued interest thereon) by way of the issuance of convertible preference shares of the Company (the "**Loan Capitalisation**"). Completion of the Loan Capitalisation and the proposed issue of the convertible preference shares are subject to, among others, the compliance of the applicable requirements under the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and it may or may not proceed.

The Board does not recommend the payment of any final dividend for the Year.

DEVELOPMENT AND EXPANSION OF CORE BUSINESSES

Fund Platform — GR Realty

An area of our development focus undoubtedly was our strategical investment in the real estate asset management platform in the U.S. — GR Realty, with asset under management of approximately U.S. dollars ("**US$**") 1.82 billion, comprising 65 commercial properties (107 buildings), with approximately 13.4 million square feet in 20 states across the U.S. as at 31 December 2016.

Through actively participating in the management of GR Realty, and leveraging on its solid knowhow, good relationship, sound execution capacity and well-established platform in local market, our Group is able to efficiently capture sound business opportunities in the U.S., as well as enhancing the management of existing projects, so as to strengthen our Group's presence, and constructively diversify our investments in the U.S., under the backdrop of strong U.S. economy and growing property market.

During the Year, GR Realty's asset under management was enriched by US$290 million by adding a premier class A office tower in the heart of bustling Downtown San Diego, California, the U.S., a premier class A office tower in Durham, North Carolina, the U.S., and a class A, LEED Gold certified office tower in the Bellevue CBD submarket of Seattle, the U.S., all of which are of high occupancy rate, diversified tenant base and value-enhancing potential. Moreover, targeting long-term network building in Asian markets, GR Realty conducted its roadshow activities in both Hong Kong and Beijing in the 4th quarter of the Year. During the Year, it brought us a share of profit of GR Realty and its syndicated projects of approximately HK$74.3 million, as well as dividend of approximately HK$24.8 million.

Property Investment and Development

We have also been proactively seeking quality property investment opportunities in the U.S., with the support from GR Realty's local team, so as to broaden our Group's sources of income and enjoy the potential capital appreciation gain.

In May 2016, our Group entered into purchase and sale agreements to acquire two properties adjacent to each other in New York, at a total cash consideration of US$53.0 million. Such properties are located at Sixth Avenue of Manhattan, one of the busiest retail districts in New York with tremendous foot traffic and good connection to other areas through various metro lines and trains, and in the prospect of offering an attractive upside potential in the medium term. The deal is expected to be closed during the first half of 2017.

In October 2016, our Group acquired a class A office property located in Durham, North Carolina, the U.S., an upswing and strong performance market especially in the research field, at the cash consideration of US$17.2 million. In view of strong fundamentals and value-enhancement potential of the property, and with the professional management of GR Realty, we expect such property will generate stable recurring rental income and provide capital appreciation potential in the medium to long term.

OPTIMISATION OF RESOURCE ALLOCATION

In the view that the operation of the PRC fund platform — SPRE Fund will continue to be challenging with its real estate development projects mainly in second and third tier cities in Mainland China, and in order to optimise the cash and human resources allocation to overseas opportunities with higher expected return, our Group disposed of all its joint venture interest in the SPRE Fund for a consideration of RMB970.0 million in June 2016, with a slight disposal loss to the Group.

FINANCIAL REVIEW

Revenue

During 2016, our Group recorded a significant increase in revenue to approximately HK$83.1 million, when compared to approximately HK$22.6 million in 2015. Significant increase in revenue was mainly due to the increase in dividend income by approximately HK$58.5 million, owing to the harvest of two of the real estate funds we have invested, with approximately HK$35.8 million from Neutron Private Equity Fund Limited ("**Neutron PE**"), representing a yield of around 7% and approximately HK$23.3 million from Prosperity Risk Balanced Fund LP ("**PRB Fund**"), representing a yield of around 5%.

The following table sets forth our Group's revenue breakdown for 2016 and 2015:

	2016	2015
	HKD'000	*HKD'000*
Rental revenue	**21,678**	18,204
Dividend income	**61,419**	2,870
Management fee income	—	1,559
	83,097	22,633

Other Income

Other income for the Year increased significantly from approximately HK$15.8 million to approximately HK$44.0 million, mainly as a result of increase in loan interest income by approximately HK$25.2 million, which was mainly due to the fact that our Group has provided loans to GR Realty during the second half of 2015 and first half of 2016, thus with full year of interest income recognised in 2016.

Changes in fair value of financial instruments held for trading

A gain arising from changes in fair value of financial instruments held for trading of approximately HK$6.0 million was recorded, due to our prudent investment strategy despite volatile global capital market in the Year (2015: a loss of approximately HK$40.1 million).

Share of results of joint ventures

Share of results of joint ventures has been improved, with loss sharing decreased from approximately HK$988.3 million to approximately HK$86.2 million for the Year, mainly as a result of the combined effect of: (i) the increase in share of profit by approximately HK$48.2 million in GR Realty; and (ii) the significant decrease in share of loss to approximately HK$159.5 million (2015: loss of approximately HK$1,012.1 million) in the SPRE Fund. Loss recognised for the SPRE Fund during 2016 was a result of the challenging PRC property market, in particular in second and third tier cities. Our Group disposed of its entire interest held in the SPRE Fund in June 2016.

Finance Cost

Finance cost for the Year increased by approximately HK$157.6 million to approximately HK$248.4 million. This was mainly due to the fact that certain borrowings of our Group were financed during 2015 without full year of interest expense recorded for 2015.

Loss attributable to owners of the Company

Loss attributable to owners of the Company improved from loss of approximately HK$1.1 billion to loss of approximately HK$253.4 million for the Year. Consequently, our Group recorded basic losses per share of approximately 0.56 HK dollar in 2016 versus basic losses per share of approximately 2.52 HK dollar in 2015. Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Financial Resources and Liquidity

As at 31 December 2016, the principal amount of our total borrowings decreased to approximately HK$2,745.5 million (2015: approximately HK$3,269.0 million), mainly as a result of reduction of unsecured borrowings from Grand Beauty with principal amount decreased from approximately HK$2,744.0 million at the end of 2015 to approximately HK$2,245.5 million at the end of 2016. The principal amount of current borrowings (repayable within one year) decreased by approximately HK$599.0 million to approximately HK$276.1 million, mainly as we successfully renewed our bank facility with principal amount of HK$500.0 million for a further term of 36 months during the Year. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2016.

Total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$1,121.4 million as at 31 December 2016 (2015: approximately HK$851.5 million), and the current ratio was approximately 4.53 times. The net gearing ratio of our Group, based on total borrowings (of which approximately 76% represented shareholder's loan from Grand Beauty) less cash resources divided by total shareholders' equity, has been reduced from 41% to 24%.

Given our adaptable financial management policy amid the continued strong financial support from Sino-Ocean Group, we are confident about sustaining our financial liquidity to support our business expansion and maintaining overall financial healthiness in the coming years.

Financial Guarantees

As at 31 December 2016 and 31 December 2015, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 31 December 2016 and 31 December 2015, our Group did not have any pledged assets.

OPERATION REVIEW

During the Year, our Group adhered to the philosophy of value investment and actively optimising its asset allocation. An analysis of our Group's turnover and contribution to operating result for the Year by our principal activities is set out in Note 3 to the consolidated financial statements of our Group disclosed below.

Investment in Fund Platform

GR Realty

GR Realty, in which our Group has 45% membership interests, acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S. During the Year, our Group shared a profit of approximately HK$74.3 million as a result of its interest in GR Realty and received dividend of approximately HK$24.8 million from certain syndicated projects controlled by GR Realty. As at 31 December 2016, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK$985.1 million.

As at 31 December 2016, GR Realty was principally engaged in the ownership and/or management of its investment portfolio comprising 65 commercial properties, representing 107 buildings, with approximately 13.4 million square feet in 20 states across the U.S. Our Group is able to leverage on GR Realty's solid experience and good relationship of its senior management team with an aim to capture the growth in the U.S. property market and strengthen our Group's presence therein proactively, as well as diversifying our investment in fund platform business and property investment portfolio to a large number of states in the U.S., and allow our Group standing on a vantage point due to its exposure and presence in the U.S.

In March 2016, our Group entered into a loan agreement to provide unsecured loans in the amount of US$6.3 million in aggregate at maximum to GR Realty, with interest at 6% per annum, for the purpose of facilitating the future expansion of GR Realty, so as to create value to our Group. The details are set out in the Company's announcement dated 31 March 2016. Together with the loans provided to GR Realty at acquisition date and in December 2015, the Group has recognised interest income of approximately HK$25.0 million for 2016, as compared to approximately HK$2.9 million for 2015.

SPRE Fund (disposed of in June 2016)

During the Year, share of loss of the SPRE Fund of approximately HK$159.5 million was recognised, mainly as a result of the challenging PRC property market, in particular in second and third tier cities. In June 2016, the Company disposed of its entire equity interest in the SPRE Fund, through the disposal of the entire equity interest in Chance Bright Limited and assignment of the shareholder's loan provided by the Group, for a total consideration of RMB970.0 million in June 2016, with a slight disposal loss of approximately HK$7.4 million. The details are set out in the Company's announcements respectively dated 19 May 2016 and 28 June 2016, and circular dated 10 June 2016.

The disposal enables our Group to focus top management resources and monetise the remaining value of its investment in the SPRE Fund for the purpose of seeking other overseas investment opportunities amid a competitive market environment.

Property Investments and Development

The recognised rental income of our Group during the Year increased by 19% to approximately HK$21.7 million, which was mainly attributable to the rental income of approximately HK$3.1 million received from the newly acquired office building in Durham, North Carolina, the U.S. during 2016. Revaluation gain of the Group's investment properties increased to approximately HK$28.4 million (2015: approximately HK$9.7 million) mainly as a result of the increase in fair values of our investment properties in the U.S.

As at 31 December 2016, our Group mainly held investment properties comprising A-grade office premises in Hong Kong and the U.S. with gross floor area of approximately 16,000 square feet and 132,000 square feet respectively, and residential units in New York with gross floor area of approximately 17,000 square feet. The office premises and the residential units had an aggregate occupancy rate of approximately 89% and 92% respectively as at the end of 2016.

During the Year, with the assistance of GR Realty, our Group has newly acquired a class A office property located in Durham, North Carolina, the U.S. at a consideration of US$17.2 million, so as to generate stable rental income and provide capital appreciation potential. The details of such acquisition are set out in the Company's announcement dated 11 October 2016 and circular dated 28 October 2016.

Moreover, in May 2016, our Group entered into purchase and sale agreements to acquire two properties adjacent to each other that are located at Sixth Avenue of Manhattan, New York, the U.S., one of the busiest retail districts with tremendous foot traffic and good connection to other areas through various metro lines and trains, at a total cash consideration of US$53.0 million, so as to target an attractive upside potential in the medium term. The deal is expected to be closed during the first half of 2017. Details are set out in the Company's announcement dated 27 May 2016 and circular dated 20 June 2016.

Fund Investments

During the Year, our Group recorded dividend income of approximately HK$59.1 million from fund investments (2015: Nil), which was mainly attributable to the dividend income from Neutron PE and PRB Fund. Apart from other movement, a decrease of approximately HK$5.3 million in fair value of fund investments was recorded in other comprehensive income for the Year because of the volatile global capital market conditions (2015: decrease in fair value of approximately HK$6.5 million). Our fund investment portfolio, classified as available-for-sale investments, recorded carrying value of approximately HK$2,115.1 million as at 31 December 2016 (2015: approximately HK$2,100.4 million). Through fund investments, our Group aims to capture more sound investment opportunities, diversify its risk exposure, and further enhance its rate of return through efficient management and a wider access to investment channels.

Securities and Other Investments

During the Year, our Group recorded a gain from changes in fair value of financial instruments held for trading of approximately HK$6.0 million due to our prudent investment strategy despite volatile global capital market in the Year (2015: a loss of approximately HK$40.1 million), and dividend income from securities and other investments of approximately HK$2.3 million (2015: approximately HK$2.9 million).

As at 31 December 2016, our securities investment portfolio mainly consisted of investment in listed securities in overseas of approximately HK$160.3 million (2015: in Hong Kong of approximately HK$10.6 million and in overseas and the PRC of approximately HK$139.0 million). Securities investment forms part of our Group's cash management activities and we maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

MARKET OUTLOOK

Like 2016, financial markets will not immune to the stress of political uncertainties, with the yet-to-know implications of Brexit and election of the U.S. president, while the election of several key European countries, such as The Netherlands and France, during 2017 will create further volatility to the global economy.

U.S. leading indicators signal that the economy outlook will stay healthy. Services-oriented industries such as technology, financial services and healthcare, will continue to act as the main engine of the U.S. economy. It is expected that the policy makers may impose further fiscal stimulus, such as reducing corporate income tax rates and stimulating infrastructure investment, so as to lead to higher corporate profits. The U.S. dollar is expected to continue to be strong in the coming year, with the Federal Reserve's decision to raise interest rates.

In the United Kingdom (the "**U.K.**") and across Europe, the Brexit vote was the biggest shock in the context of both political and economic area. Uncertainties continue with the Brexit process and the crowded elections in European countries in 2017. The immediate short-run effects of the Brexit vote may be negative, as the uncertainty may lead firms and households to delay spending plans. We will keep an eye on the changing environment in the U.K. and the European countries, in order to capture any rising opportunities.

For China, though the economic growth is slowing, economic rebalancing is expected to continue, being supported by strong consumption growth and moderate investment growth. Financial markets will be expected to remain stable. The China Government will continue to implement accommodative monetary policies to support economic growth.

DEVELOPMENT PROSPECTS

With credit to the tremendous efforts of our management and execution teams and with the support from our holding company and its major shareholders, we have attained remarkable progress in 2016, and successfully laid a solid foundation for our long-term growth.

For 2017, we are still optimistic on the economic fundamentals of top tier developed countries, especially the U.S. At the same time we will continue to follow closely with the market movements, stay cautious on the market and investment selection, and apply value investing strategy, under the backdrop of increasing unpredictability of political events.

On the one hand, we will continue our growth and expansion activities in overseas property markets (including Hong Kong), by reinforcing our professional knowledge and persistently adhering to the discipline of value investing. In the U.S. market, the support from the well-established local platform of GR Realty will facilitate our effective on-ground execution and help us capture sound investment opportunities in a timely manner and generate considerable investment returns from both operational and investment levels.

On the other hand, we will commit to the development of existing businesses and investments, as well as maintaining prudent and disciplined financial management to ensure its sustainability, so as to enhance the return for our shareholders.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 27 January 2017, the Company entered into a capitalisation and subscription agreement with Grand Beauty for the issue of up to a maximum of 597,230,534 new convertible preference shares of the Company at a subscription price of HK$3.0 each. The consideration for the issue of such convertible preference shares is by way of capitalisation of a total sum of approximately HK$1,782.8 million (and the related accrued interest thereon) which represented part of the shareholder's loans owed by the Company to Grand Beauty. Such arrangement constituted a connected transaction of the Company under the Listing Rules and is still subject to, amongst others, approval by the independent shareholders of the Company and in respect of the issue of the convertible preference shares, the listing approval by the Stock Exchange. Details of the transaction are set out in the announcement of the Company dated 27 January 2017.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Sales proceeds from disposal of financial instruments held for trading		**397,398**	736,687
Revenue	3	**83,097**	22,633
Other income	4	**44,008**	15,776
Employee costs		**(17,529)**	(23,350)
Share-based compensation		**(728)**	(5,264)
Depreciation		**(1,143)**	(1,785)
Other expenses		**(48,169)**	(36,650)
Gain/(loss) arising from changes in fair value of financial instruments held for trading		**5,953**	(40,111)
Gain arising from changes in fair value of investment properties		**28,402**	9,728
Gain on disposal of available-for-sale investment		**—**	5,084
Share of results of joint ventures	5	**(86,218)**	(988,290)
Loss on disposal of a subsidiary	6	**(7,388)**	—
Finance costs	7	**(248,394)**	(90,780)
Loss before income tax	8	**(248,109)**	(1,133,009)
Income tax	9	**(5,269)**	(2,238)
Loss for the year		**(253,378)**	(1,135,247)
Loss for the year attributable to:			
Owners of the Company		**(253,378)**	(1,135,247)
Losses per share for loss attributable to owners of the Company	10		
— Basic (HK dollar)		**(0.56)**	(2.52)
— Diluted (HK dollar)		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Loss for the year		**(253,378)**	(1,135,247)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
— Change in fair value of available-for-sale investments		**(5,272)**	(6,505)
— Exchange differences arising on translation of foreign operations		**(949)**	(967)
— Share of other comprehensive income of joint ventures	*5*	**(12,039)**	(61,344)
— Release of exchange reserve upon disposal of a subsidiary		**73,406**	—
Other comprehensive income for the year		**55,146**	(68,816)
Total comprehensive income for the year		**(198,232)**	(1,204,063)
Total comprehensive income attributable to:			
Owners of the Company		**(198,232)**	(1,204,063)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Investment properties		**713,052**	528,275
Property, plant and equipment		**2,243**	3,384
Interests in joint ventures	*5*	**985,149**	2,167,916
Available-for-sale investments	*12*	**2,223,958**	2,207,382
Loan receivables	*13*	**604,031**	573,504
		4,528,433	5,480,461
Current assets			
Deposits, prepayments and other receivables		**7,426**	14,059
Deposits paid for acquisition of properties held for resale		**50,023**	—
Loan receivables	*13*	**47,611**	26,393
Amount due from a fellow subsidiary		**665**	—
Financial instruments held for trading		**170,645**	155,825
Short-term bank deposits		**440,314**	214,576
Bank balances and cash		**681,126**	636,918
		1,397,810	1,047,771
Current liabilities			
Other payables and accrued charges		**36,267**	39,178
Amount due to a fellow subsidiary		—	65,880
Taxation payable		**123**	102
Borrowings	*14*	**272,513**	863,333
		308,903	968,493
Net current assets		**1,088,907**	79,278
Total assets less current liabilities		**5,617,340**	5,559,739

	Note	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital		**184,881**	184,881
Reserves		**3,649,311**	3,771,465
Total equity		**3,834,192**	3,956,346
Non-current liabilities			
Borrowings	*14*	**1,776,477**	1,601,625
Deferred tax liabilities		**6,671**	1,768
		1,783,148	1,603,393
Total equity and non-current liabilities		**5,617,340**	5,559,739

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital HK$'000	Convertible preference shares reserve HK$'000	Capital contribution HK$'000	Share option reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Translation reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Attributable to owners of the Company HK$'000
Balance at 1 January 2015	180,658	3,898,698	22,300	23,172	(12,233)	14,007	180,444	4,307,046
Other comprehensive income								
— Change in fair value of available-for-sale investments	—	—	—	—	(6,505)	—	—	(6,505)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	(967)	—	(967)
— Share of other comprehensive income of joint ventures	—	—	—	—	—	(61,344)	—	(61,344)
Loss for the year	—	—	—	—	—	—	(1,135,247)	(1,135,247)
Total comprehensive income for the year	—	—	—	—	(6,505)	(62,311)	(1,135,247)	(1,204,063)
Share-based compensation	—	—	—	5,264	—	—	—	5,264
Exercise of share options	4,223	—	—	(1,384)	—	—	—	2,839
Vested share options forfeited	—	—	—	(3,613)	—	—	3,613	—
Capital contribution through borrowings from parent *(Note 14(f))*	—	—	845,260	—	—	—	—	845,260
Balance at 31 December 2015 and 1 January 2016	184,881	3,898,698	867,560	23,439	(18,738)	(48,304)	(951,190)	3,956,346
Other comprehensive income								
— Change in fair value of available-for-sale investments	—	—	—	—	(5,272)	—	—	(5,272)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	(949)	—	(949)
— Share of other comprehensive income of joint ventures	—	—	—	—	—	(12,039)	—	(12,039)
— Release of exchange reserve upon disposal of a subsidiary *(Note 6)*	—	—	—	—	—	73,406	—	73,406
Loss for the year	—	—	—	—	—	—	(253,378)	(253,378)
Total comprehensive income for the year	—	—	—	—	(5,272)	60,418	(253,378)	(198,232)
Share-based compensation	—	—	—	728	—	—	—	728
Vested share options forfeited	—	—	—	(296)	—	—	296	—
Capital contribution through borrowings from parent *(Note 14(b))*	—	—	75,350	—	—	—	—	75,350
Balance at 31 December 2016	**184,881**	**3,898,698**	**942,910**	**23,871**	**(24,010)**	**12,114**	**(1,204,272)**	**3,834,192**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the two years ended 31 December 2015 and 2016 included in this preliminary announcement of the annual results for the year ended 31 December 2016 do not constitute the Company's statutory annual consolidated financial statements 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 2015 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 2016 in due course.

The Company's auditor has reported on the financial statements of 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/revised HKFRSs — effective on 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of these amendments has no material impact on the Group's financial statements.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Except as explained below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's financial statements.

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

— Step 1 : Identify the contract(s) with a customer
— Step 2 : Identify the performance obligations in the contract
— Step 3 : Determine the transaction price
— Step 4 : Allocate the transaction price to each performance obligation
— Step 5 : Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 — Revenue from Contracts with customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. 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.

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

1. Property investment and development — rental income from leasing of office properties and residential condominium, properties held for resale and through investment in fund, property development for sale of quality residential properties.

2. Securities and other investments — investing in various securities and generating investment income.

3. Fund investments — investing in various investment funds and generating investment income.

4. Investment in fund platform — provision of management and administration services for property development project and investing in real estate fund platform.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Each of the 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 segment.

For the year ended 31 December 2016

	Property investment and development *HK$'000*	**Securities and other investments** *HK$'000*	**Fund investments** *HK$'000*	**Investment in fund platform** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**21,678**	**399,707**	**59,110**	**—**	**480,495**
Less: Sales proceeds from disposal of financial instruments held for trading	**—**	**(397,398)**	**—**	**—**	**(397,398)**
Revenue as presented in consolidated income statement	**21,678**	**2,309**	**59,110**	**—**	**83,097**
Segment results	**52,790**	**7,822**	**58,369**	**(77,459)**	**41,522**
Interest income from bank deposits					**2,560**
Unallocated corporate expenses					**(43,797)**
Finance costs					**(248,394)**
Loss before income tax					**(248,109)**

For the year ended 31 December 2015

	Property investment and development *HK$'000* *(Represented)	Securities and other investments *HK$'000*	Fund investments *HK$'000* *(Represented)	Investment in fund platform *HK$'000*	Consolidated *HK$'000*
Segment revenue	18,204	739,557	—	1,559	759,320
Less: Sales proceeds from disposal of financial instruments held for trading	—	(736,687)	—	—	(736,687)
Revenue as presented in consolidated income statement	18,204	2,870	—	1,559	22,633
Segment results	33,291	(35,028)	(3,368)	(979,828)	(984,933)
Interest income from bank deposits					2,245
Unallocated corporate expenses					(59,541)
Finance costs					(90,780)
Loss before income tax					(1,133,009)

* During the year ended 31 December 2015, the Group was involved in property development, through an investment in fund which was presented in the operating segment of fund investments. For the year ended 31 December 2016, the property development business was grouped with an existing business segment, "Property investment", to represent as a new segment "Property investment and development" in order to have much accurate presentation on resource allocation and performance assessment.

Except for the inclusion of sales proceeds from disposal of financial instruments held for trading in the segment revenue of securities and other investments reported to the chief operating decision makers, the accounting policies of the Group's operating segments under HKFRS 8 are the same as the Group's accounting policies.

Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, unallocated corporate expenses (including central administration costs, share-based compensation 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 segment:

	2016	2015
	HK$'000	*HK$'000*
		*(Represent)
Assets		
Segment assets		
— Property investment and development	**968,578**	727,493
— Securities and other investments	**758,581**	711,734
— Fund investments	**2,141,775**	2,115,791
— Investment in fund platform	**1,458,852**	2,577,694
Unallocated assets	**598,457**	395,520
Consolidated total assets	**5,926,243**	6,528,232
Liabilities		
Segment liabilities		
— Property investment and development	**9,087**	4,593
— Securities and other investments	**12,023**	5,401
— Fund investments	**48**	48
— Investment in fund platform	**12,068**	16,507
Unallocated liabilities	**2,058,825**	2,545,337
Consolidated total liabilities	**2,092,051**	2,571,886

Segment assets include all assets are allocated to operating segments other than property, plant and equipment, unallocated deposits, prepayment and other receivables, amount due from a fellow subsidiary, certain short-term bank deposits, and bank balances and cash which are not allocated to a segment.

Segment liabilities included all liabilities are allocated to operating segments other than tax payable, borrowings, amount due to a fellow subsidiary and unallocated other payables.

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 2016

Other segment information

	Property investment and development *HK$'000*	**Securities and other investments** *HK$'000*	**Fund investments** *HK$'000*	**Investment in fund platform** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Interests in joint ventures	**—**	**—**	**—**	**985,149**	**985,149**
Gain arising from changes in fair value of investment properties	**28,402**	**—**	**—**	**—**	**28,402**
Gain arising from changes in fair value of financial instruments held for trading	**—**	**5,953**	**—**	**—**	**5,953**
Loss on disposal of a subsidiary	**—**	**—**	**—**	**(7,388)**	**(7,388)**
Share of results of joint ventures	**—**	**—**	**—**	**(86,218)**	**(86,218)**

For the year ended 31 December 2015

Other segment information

	Property investment and development *HK$'000*	Securities and other investments *HK$'000*	Fund investments *HK$'000*	Investment in fund platform *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Interests in joint ventures	—	—	—	2,167,916	2,167,916
Gain arising from changes in fair value of investment properties	9,728	—	—	—	9,728
Loss arising from changes in fair value of financial instruments held for trading	—	(40,111)	—	—	(40,111)
Gain on disposal of available-for-sale investment	—	5,084	—	—	5,084
Share of results of joint ventures	—	—	—	(988,290)	(988,290)

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile), the United States (the "US") and the People's Republic of China (the "PRC").

The Group's revenue from external customers and its non-current assets, other than financial instruments and interests in joint ventures, by geographical location of the assets regarding its operations are detailed below:

	Revenue from external customers		**Non-current assets other than financial instruments and interests in joint ventures**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,341**	10,057	**353,423**	328,539
The US	**13,132**	8,881	**361,866**	203,093
The PRC	**—**	1,559	**6**	27
Others*	**59,624**	2,136	**—**	—
	83,097	22,633	**715,295**	531,659

* For the year ended 31 December 2016, included in Others was dividend income of HK$35,813,853 and HK$23,295,590 received from investment funds which are operated in Cayman Islands.

(c) Information about major customers

For the year ended 31 December 2016, there were two dividend income received from the Group's fund investment segment, each of whom contributed approximately 43% and 28% of the Group's total revenue. Dividend income derived from these fund investments during the year amounted to approximately HK$35,814,000 and HK$23,296,000 respectively. For the year ended 31 December 2015, the Group did not derive more than 10% of the Group's total revenue from any single customer.

4. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**2,560**	2,245
Other interest income	**38,614**	13,447
Others	**2,834**	84
	44,008	15,776

5. INTERESTS IN JOINT VENTURES

	2016	2015
	HK$'000	*HK$'000*
Share of net assets other than goodwill	**949,883**	2,133,057
Goodwill	**35,266**	34,859
At the end of the year	**985,149**	2,167,916

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the year	**2,167,916**	1,772,482
Capital contributions	**408**	1,455,218
Dividend distribution	**(24,765)**	(10,150)
Disposal *(Note 6)*	**(1,060,153)**	—
Share of post-acquisition losses and other comprehensive income	**(98,257)**	(1,049,634)
At the end of the year	**985,149**	2,167,916

As at 31 December 2016 and 2015, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of ownership interests/ voting rights 2016	2015	Principal activities
Sino Prosperity Real Estate Limited *(Note (a))*	Incorporated	Cayman Islands	PRC	Ordinary	—	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited *(Note (a))*	Incorporated	Cayman Islands	PRC	Ordinary	—	50%	Investment advisory
Gemini-Rosemont Realty LLC *(Note (b))*	Limited liability company	The US	The US	Class A membership interests*	**45%**	45%	Property investment & management
Rosemont WTC Denver GPM LLC *(Note (b))*	Limited liability company	The US	The US	Membership interests#	**100%**	100%	Property investment & management
Rosemont Diversified Portfolio II LP *(Note (b))*	Limited partnership	The US	The US	Limited partnership interests#	**37.19%**	37.19%	Property investment & management

* Class A membership interests represent the interests have control over the joint venture

\# Membership interests and limited partnership interests are non-controlling interests

Under HKFRS 11, these joint arrangements are classified as joint ventures and have been included in the consolidated financial statements of the Group using the equity method.

Notes:

(a) On 31 December 2014, Sino Prosperity Real Estate Limited acquired a group companies which are holding certain PRC property projects and a business of providing upfitting and decoration services in the PRC.

On 19 May 2016, the Company entered into a sales and purchase agreement to dispose of its 50% equity interest in Sino Prosperity Real Estate Limited and Sino Prosperity Real Estate Advisor Limited through the wholly-owned subsidiary, Chance Bright Limited ("Chance Bright") at a loss of HK$7,388,000, more details of which are set out in Note 6 to the financial statements.

During the year ended 31 December 2016, the Group share the post-acquisition loss and other comprehensive income of Sino Prosperity Real Estate Limited and Sino Prosperity Real Estate Advisor Limited of approximately US$22,245,000 (equivalent to approximately HK$172,591,000) (2015: US$138,783,000 (equivalent to approximately HK$1,075,742,000)) in aggregate.

(b) On 31 December 2014, the Group entered into the purchase, sale and contribution agreement (the "Agreement") with Neutron Property Fund Limited (the "Property Fund"), Gemini-Rosemont JV Member LLC, Garfield Group Partners LLC and Rosemont Realty, LLC ("Rosemont") to subscribe for 45%, 30%, 18.423%, 5.577% and 1% membership interests respectively in Gemini-Rosemont Realty LLC ("Gemini-Rosemont"), a limited liability company incorporated in the State of Delaware. Gemini-Rosemont acquired the businesses, assets and liabilities of Rosemont (excluding certain equity interests owned directly by Rosemont which are not transferred to Gemini-Rosemont) and the limited partnership interests in the limited partnerships of Rosemont (together with a promissory note evidencing a loan advance from Lone Rock Holdings, LLC ("Lone Rock"), one of the controlling shareholders of Rosemont, to Rosemont Dallas NCX LP, a wholly-owned subsidiary of Rosemont) owned by Lone Rock. The consideration is US$69,152,000 (equivalent to approximately HK$536,234,000) in which US$9,598,000 (equivalent to approximately HK$74,416,000) was the directly attributable costs related to the transaction.

Apart from the subscription of the 45% membership interests in Gemini-Rosemont, the Group acquire 100% membership interest and 37.19% limited partnership interests in Rosemont WTC Denver GPM LLC ("Denver GPM LLC") and Rosemont Diversified Portfolio II LP ("Portfolio II LP") at considerations of US$15,000,000 (equivalent to HK$116,319,000) and US$34,388,000 (equivalent to approximately HK$266,661,000) respectively. Denver GPM LLC and Portfolio II LP represented the syndicated projects under the portfolio of Rosemont (the "Syndicated Projects").

In addition, the Group provided a working capital facility of US$10,000,000 to Gemini-Rosemont.

The details as described above represented the transactions contemplated under the Agreement (the "Transactions").

As the Group acquired direct interests in the Syndicated Projects which are controlled by Gemini-Rosemont upon completion of the Transactions. Accordingly, the Syndicated Projects interests are accounted for as part of the Group's interest in Gemini-Rosemont.

Gemini-Rosemont was formed under the laws of state of Delaware, domiciled in the US on 22 April 2015. It has no operations until it acquired the businesses, assets and liabilities of Rosemont as explained above. Gemini-Rosemont is primarily engaged in the ownership and the management of commercial office properties after the acquisition.

The Group and the Property Fund hold class A membership interests of Gemini-Rosemont. Both have collective control over Gemini-Rosemont and decisions on the relevant activities of Gemini-Rosemont require the unanimous consent of the class A members. Therefore, Gemini-Rosemont is a joint arrangement. As Gemini-Rosemont is a limited liability company, the joint arrangement is classified as a joint venture accordingly.

Denver GPM LLC, a Delaware limited liability company domiciled in the US, was formed on 16 April 2013 to act as the limited partner of Rosemont WTC Denver GP Member LP ("Member LP"). Member LP, a Delaware partnership domiciled in the US, was formed on 27 March 2013 to invest in companies which acquire, hold, operate, develop, improve, sell and manage investment properties.

Portfolio II LP, a Delaware limited partnership domiciled in the US, was formed on 12 December 2012 to acquire, hold, operate, develop, improve, sell, and otherwise manage investment properties in the US.

On 21 August 2015, the Group acquired the entire membership interest of Denver GPM LLC from Rosemont at a consideration of US$5,500,000 together with additional contribution of US$9,500,000 to Denver GPM LLC. On the same date, the Group also subscribed approximately 37.19% limited partnership interest in Portfolio II LP at a consideration of US$34,388,000. The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment as at 31 December 2015 and 2016.

For the year ended 31 December 2016, the Group shared the post-acquisition profits and other comprehensive income of Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to US$6,200,000, US$523,000 and US$2,862,000 respectively (equivalent to approximately HK$48,076,000, HK$4,056,000 and HK$22,202,000 respectively) (2015: US$1,359,000, US$246,000 and US$1,762,000 respectively (equivalent to approximately HK$10,536,000, HK$1,915,000 and HK$13,657,000 respectively)).

For the year ended 31 December 2016, the Group received the dividend distribution from Denver GPM LLC and Portfolio II LP amounted to US$445,000 and US$2,747,000 respectively (equivalent to approximately HK$3,453,000 and HK$21,312,000 respectively) (2015: US$323,000 and US$987,000 respectively (equivalent to approximately HK$2,502,000 and HK$7,648,000 respectively)).

6. DISPOSAL OF SUBSIDIARY

On 19 May 2016, the Company entered into a sales and purchase agreement to dispose of Chance Bright and assigned the benefits of all loans amounted to HK$2,308,875,000 advanced by the Group to Xin Cai Global Holdings Limited at the cash consideration of approximately RMB970,000,000 (equivalent to approximately HK$1,131,379,000). Chance Bright was an investment holding company and it directly held the 50% equity interest in two joint venture companies, being (i) Sino Prosperity Real Estate Limited (Note 5(a)) and (ii) Sino Prosperity Real Estate Advisor Limited (Note 5(a)). After the completion of disposal, Chance Bright would cease to be a subsidiary of the Company. The disposal of Chance Bright was completed on 28 June 2016. Details of the disposal were set out in the announcements of the Company dated 19 May 2016 and 28 June 2016 and the circular of the Company dated 10 June 2016.

The loss arising from the disposal was included as "Loss on disposal of a subsidiary" in the consolidated income statement and is calculated as follows:

	HK$'000
Net liabilities disposed of:	
Interests in joint ventures *(Note 5(a))*	1,060,153
Prepayments	15
Amount due to an immediate holding company	(2,308,875)
	(1,248,707)
Loss on disposal of a subsidiary:	
Consideration received	1,131,379
Net liabilities disposed of	1,248,707
Cumulative exchange differences in respect of the net assets of the disposed subsidiary reclassified from equity to profit or loss	(73,406)
Loan assignment	(2,308,875)
Direct expenses in relation to the disposal of a subsidiary	(5,193)
	(7,388)
Satisfied by:	
Cash	1,131,379

An analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary is as follows:

	HK$'000
Net cash inflow arising from disposal of a subsidiary:	
Cash consideration received	1,131,379

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
Bank and other borrowings	**59,266**	45,288
Imputed interest expense on Other Borrowings *(Notes 14 (b), (c) & (e))*	**186,059**	43,236
Others	**3,069**	2,256
	248,394	90,780

8. LOSS BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging and (crediting):		
Auditor's remuneration		
— current year	**3,331**	1,989
— underprovision in the prior year	**295**	198
	3,626	2,187
Gross rental income from investment properties	**(21,678)**	(18,204)
Direct operating expenses arising from investment properties that generated rental income	**6,395**	4,045
Direct operating expenses arising from investment properties that did not generated rental income	**227**	—
	(15,056)	(14,159)
Dividend income from financial instruments held for trading	**(2,309)**	(2,870)
Interest income from investments	**(53)**	(101)
Net foreign exchange loss	**5,863**	16,202
Rental payments in respect of properties under operating leases	**5,037**	4,542
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	**776**	838

9. INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
The taxation attributable to the Group's operation comprises:		
Current tax		
Hong Kong Profits Tax	**428**	550
Over provision in prior years		
Hong Kong Profits Tax	**(60)**	(80)
	368	470
Deferred tax	**4,901**	1,768
Income tax	**5,269**	2,238

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates. No income tax outside Hong Kong was provided for the year as the Group has no estimated assessable profit (2015: Nil).

10. LOSSES PER SHARE

The calculation of the basic losses per share attributable to owners of the Company is based on the loss for the year of HK$253,378,000 (2015: HK$1,135,247,000) and the weighted average number of ordinary shares of 450,990,000 (2015: 449,825,753 ordinary shares) in issue during the year.

No adjustment has been made to basic losses per share amount presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the impact of share options and convertible preference shares outstanding had an anti-dilutive effect on the basic losses per share amount presented.

11. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2015 and 2016, nor has any dividend been proposed since the end of the reporting period.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2016 *HK$'000*	2015 *HK$'000*
Unlisted equity investments, at cost *(Note (a))*	**105,492**	107,313
Club debentures *(Note (b))*	**3,669**	—
Unlisted fund investments *(Note (c))*	**2,115,127**	2,100,399
Impairment loss on available-for-sale investments	**(330)**	(330)
	2,223,958	2,207,382

Notes:

(a)(i) At the end of the reporting period, the unlisted equity investments included investments in unlisted equity securities issued by private entities incorporated outsides Hong Kong amounted to HK$13,505,000 (2015: HK$15,212,000) after impairment provision, of which the Group holds less than 2% (2015: less than 2%) of the equity interest of the investee.

(ii) At the end of the reporting period, the Group held 5% unlisted equity interest in a PRC entity amounted to Renminbi ("RMB") 1,500,000 (equivalent to approximately HK$1,677,000) (2015: RMB1,500,000 (equivalent to approximately HK$1,791,000)).

(iii) At the end of the reporting period, the Group held 199 ordinary units and 14,285,316 of the class A units of A' Beckett Street Trust (the "Trust") and 199 trustee's ordinary shares in the capital of P'0006 A' Beckett Pty Ltd. (the "Trustee") amounted to Australian dollar ("A$") 14,285,714 (equivalent to approximately HK$89,980,000) (2015: A$14,285,714 (equivalent to approximately HK$89,980,000)). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia.

As the Group has no power to govern or participate in the financial and operating policies of the investee so as to obtain benefits from its activities, the directors of the Company designated the unlisted investment as available-for-sale investment.

The above investments are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

(b) At the end of the reporting period, club debentures of HK$3,669,000 (2015: Nil) were classified as available-for-sale investments which are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

(c) At the end of the reporting period, the analysis of the fund investments of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
At fair value *(Notes (c)(i), (c)(ii) & (c)(iii))*	**375,990**	361,262
At cost *(Notes (c)(iv) & (c)(v))*	**1,739,137**	1,739,137
	2,115,127	2,100,399

(i) At the end of the reporting period, the Group held approximately 341,000 (2015: 418,000) participating redeemable preference shares ("Participating Shares") in an investment entity incorporated outside Hong Kong for diversifying the Group's securities investment risk and further enhance the rate of return of the Group's core business of securities investment. The fair value of the Participating Shares as at 31 December 2016 is approximately HK$112,130,000 (2015: approximately HK$139,309,000).

(ii) At the end of the reporting period, the Group held approximately 141,000 (2015: 101,000) participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "Sub-Fund A"). The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity to generate positive returns in all market conditions. The fair value of participating redeemable preference shares of the Sub-Fund A as at 31 December 2016 is approximately HK$154,978,000 (2015: approximately HK$114,272,000).

(iii) At the end of the reporting period, the Group also held approximately 110,000 (2015: 110,000) participating redeemable preference shares in another sub-fund of the above mentioned investment entity (the "Sub-Fund B"). The Sub-Fund B invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest on, 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 B as at 31 December 2016 is approximately HK$108,882,000 (2015: approximately HK$107,681,000).

(iv) At the end of the reporting period, the Group held approximately 1,012,000 (2015: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and approximately 637,000 (2015: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund"). The carrying values of the investments in the Property Fund and the Private Equity Fund as at 31 December 2016 are approximately HK$775,818,000 (2015: approximately HK$775,818,000) and approximately HK$500,506,000 (2015: approximately HK$500,506,000) 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 US 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 US, Europe and/or Australia.

As the equity investments in the Property Fund and the Private Equity Fund do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

(v) 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 PRB Fund. The amount of the Group's commitments represents 7.5% of the total commitments of US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 31 December 2016, the carrying value of the investments in the PRB Fund is approximately HK$462,813,000 (2015: approximately HK$462,813,000).

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in 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.

At the end of the reporting period, the Group has outstanding commitments to make capital contribution of approximately US$285,000 (equivalent to approximately HK$2,207,000) (2015: approximately US$285,000 (equivalent to approximately HK$2,187,000).

Those investments as described in Notes (c)(i) to (c)(v) above are unlisted and the Group has no power to govern or participate the financial operating policies of the investment entities so as to obtain benefits from its activities. The Group does not intend to trade for short-term profit and the directors of the Company designated the unlisted investments as available-for-sale investments accordingly.

13. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Current:		
Loans to a joint venture *(Note (a))*	**26,395**	26,393
Loan to the Trustee *(Note (c))*	**21,216**	—
	47,611	26,393
Non-current:		
Loans to a joint venture *(Note (a))*	**411,989**	368,207
Loan to investee *(Note (b))*	**190,000**	180,000
Loan to the Trustee *(Note (c))*	**—**	23,256
Loan to member of a joint venture *(Note (d))*	**2,042**	2,041
	604,031	573,504
	651,642	599,897

Notes:

(a) As described in Note 5(b), a working capital facility of US$10,000,000 was granted by the Group to Gemini-Rosemont, a joint venture on 31 December 2014.

As at 31 December 2016, loan receivables of approximately US$3,404,000 (equivalent to approximately HK$26,395,000) (2015: US$3,404,000 (equivalent to approximately HK$26,393,000)) in aggregate are due from the joint venture. These loans are unsecured, interest-bearing at 5% per annum and repayable on demand, therefore are classified under current assets at the end of the reporting period.

In addition, loan receivables of US$53,125,000 (equivalent to approximately HK$411,989,000) (2015: US$47,500,000 (equivalent to approximately HK$368,207,000)) in aggregate are due from the joint venture as at 31 December 2016. These loans are interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021 (2015: 2020), accordingly are classified as non-current assets at the end of the reporting period.

All the loans to a joint venture are unsecured.

(b) As at 31 December 2016, loan receivables of HK$190,000,000 (2015: HK$180,000,000) in aggregate are due from an investee. These loans are unsecured, interest-bearing at 6% per annum, repayable within 2018 and 2019 (2015: 2018) and guaranteed by the Property Fund, a member holds 30% class A membership interests in Gemini-Rosemont (Note 5(b)).

(c) As at 31 December 2016, a loan receivable of A$4,121,170 equivalent to approximately HK$21,216,000 (2015: A$4,121,170 (equivalent to approximately HK$23,256,000)) is due from the Trustee in relation to an available-for-sale investment (Note 12(a)(iii)). This loan is unsecured, interest-bearing at 10% per annum, and repayable in 2017.

(d) As at 31 December 2016, a loan receivable of approximately US$263,368 (equivalent to approximately HK$2,042,000) (2015: US$263,368 (equivalent to approximately HK$2,041,000)) is due from a member holding class B membership interests in Gemini-Rosemont. This loan is secured, interest-bearing at 6% per annum and repayable in 2020.

14. BORROWINGS

The maturity profile of the borrowings is as follows:

	2016	2015
	HK$'000	*HK$'000*
Current:		
Obligation under finance lease	**45**	45
Bank and other loans		
— unsecured and repayable within 1 year *(Notes (a) & (b))*	**272,468**	863,288
	272,513	863,333
Non-current:		
Obligation under finance lease	**25**	71
Bank and other loans		
— unsecured and repayable after 1 year but within 2 years *(Notes (a) & (c))*	**851,693**	399,833
— unsecured and repayable after 2 years but within 5 years *(Notes (a) & (d))*	**448,667**	758,270
— unsecured and repayable after 5 years *(Note (e))*	**476,092**	443,451
	1,776,477	1,601,625
	2,048,990	2,464,958

As 31 December 2016, the bank and other loans of the Group represented:

Notes:

(a) As at 31 December 2016, a bank borrowing amounted to HK$494,667,000, of which HK$46,000,000 under non-current liabilities is repayable after 1 years but within 2 years and the remaining balance amounted to HK$448,667,000 under non-current liabilities is wholly repayable after 2 years but within 5 years (2015: HK$497,833,000, of which HK$98,000,000 under current liabilities was repayable within 1 year, and the remaining balance amounted to HK$399,833,000 under non-current liabilities was wholly repayable after 1 year but within 2 years). This bank borrowing is unsecured and bearing interest at floating rate. The average interest rate as at 31 December 2016 is 1.93% (2015: 2.07%) per annum.

(b) On 12 August 2015, a borrowing amounted to US$100 million (equivalent to approximately HK$775,096,000) ("Other Borrowing I") was provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited, the ultimate parent of the Company. The Other Borrowing I was drawdown on 17 August 2015 ("Drawdown Date I"). The amount due is unsecured, wholly repayable in February 2016 and interest bearing at fixed rate of 2.04% per annum. On 17 February 2016 ("the Extension Date"), the maturity date of the Other Borrowing I was extended to 16 February 2017.

The fair value of the Other Borrowing I on Drawdown Date I and the Extension Date were US$95,113,000 (equivalent to approximately HK$737,216,000) and US$90,330,000 (equivalent to approximately HK$703,869,000), respectively, which were determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing I is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 13.06% per annum after the Drawdown Date I and 13.77% per annum after the Extension Date. On 28 June 2016, Other Borrowing I amounted to approximately US$64,402,000 (equivalent to approximately HK$499,733,000) was repaid. Imputed interest expense of approximately HK$81,266,000 (2015: HK$28,072,000) (Note 7) has been recognised in profit or loss for the year ended 31 December 2016. As at 31 December 2016 and 2015, the carrying value of the Other Borrowing I was HK$272,468,000 and HK$765,288,000 respectively, and was classified as repayable within 1 year under current liabilities accordingly.

The carrying value of Other Borrowing I as at the Extension Date was HK$779,219,000. Due to this borrowing is provided by Grand Beauty, the difference between the carrying value and the fair value at the Extension Date of HK$75,350,000 represented a capital contribution through borrowings from parent and was recognised in the consolidated statement of changes in equity and the Company's statement of changes in equity. On 10 February 2017, the maturity date of Other Borrowing I was further extended to 16 February 2018.

(c) On 2 December 2015, a borrowing amounted to US$125 million (equivalent to approximately HK$968,870,000) ("Other Borrowing II") was provided by Grand Beauty. The Other Borrowing II was drawdown on 7 December 2015 ("Drawdown Date II"). The amount due is unsecured, wholly repayable in 2018 and interest bearing at fixed rate of 1.90% per annum.

The fair value of the Other Borrowing II on Drawdown Date II was US$94,199,000 (equivalent to approximately HK$730,129,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing II is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.24% per annum. Imputed interest expense of approximately HK$72,151,000 (2015: HK$3,075,000) (Note 7)) has been recognised in profit or loss in 2016. As at 31 December 2016, the carrying value of the Other Borrowing II was HK$805,693,000 (2015: HK$733,204,000) and was classified as repayable after 1 year but within 2 years (2015: after 2 years but within 5 years) under non-current liabilities accordingly.

(d) As at 31 December 2015, a PRC entrusted loan of RMB21 million (equivalent to approximately HK$25,066,000) provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which was unsecured, wholly repayable in 2019 and bearing interest at fixed rate of 7.34% per annum. The loan was classified as repayable after 2 years but within 5 years under non-current liabilities as at 31 December 2015. The entrusted loan was fully repaid on 2 June 2016.

(e) On 5 August 2015, a borrowing amounted to HK$1,000 million ("Other Borrowing III") was provided by Grand Beauty, which is unsecured, wholly repayable in 2025 and interest bearing at fixed rate of 2.04% per annum. The Other Borrowing III was drawdown on 7 August 2015 ("Drawdown Date III").

The fair value of the Other Borrowing III on Drawdown Date III was HK$431,361,000, which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing III is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.34% per annum. Imputed interest expense of approximately HK$32,642,000 (2015: HK$12,089,000) (Note 7) has been recognised in profit or loss for the year ended 31 December 2016. As at 31 December 2016, the carrying value of the Other Borrowing III was HK$476,092,000 (2015: HK$443,451,000) and was classified as repayable after 5 years under non-current liabilities accordingly.

(f) As mentioned in Notes (b), (c) and (e), other Borrowing I, II, III were recognised initially at fair value during the year ended 31 December 2015. Due to these borrowings were provided by Grand Beauty, any differences between the proceeds and their fair values represent capital contribution from Grand Beauty which was recognised in the consolidated statement of changes in equity and the Company's statement of changes in equity.

(g) On 31 August 2015, the Group has entered into a new facility agreement with Grand Beauty with the facility amount of US$700 million (equivalent to approximately HK$5,428,556,000). The facility has not been utilised as at 31 December 2016. The facility granted is unsecured, wholly repayable in 2020 and interest bearing at fixed rate of 2.04% per annum.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct regarding securities transactions by the directors of the Company (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 Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has complied with the applicable code provisions (the "**Code Provisions**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as and when they were/are in force, except for the following Code Provisions:

Code Provision A.1.1 requires that Board meetings should be held at least four times a year at approximately quarterly internals. Although only three regular Board meetings were held during the Year, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group provided to the Directors the information on the activities and development in the business of the Group from time to time and, when required, ad hoc Board meetings will be held.

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

Non-executive Directors should attend general meetings of the Company under Code Provision A.6.7 and the Chairman of the Board should attend the annual general meeting of the Company under Code Provision E.1.2. Due to other pre-arranged business commitments which had to be attended, (i) Mr. LI Ming (being the honorary chairman of the Board and a non-executive Director) and Mr. LI Hongbo (being a non-executive Director) were unable to attend the annual general meeting of the Company held on 22 April 2016 and the extraordinary general meeting of the Company held on 28 June 2016; and (ii) Mr. DENG Wei (being an independent non-executive Director) was unable to attend the extraordinary general meeting of the Company held on 28 June 2016.

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 2016.

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 2016 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 Directors confirmed that the Company has maintained a sufficient amount of public float for its shares as required under the Listing Rules as at the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The 2016 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 extend its heartfelt gratitude to all shareholders, business partners and bank enterprises for their great support and our dedicated staff at all levels for their commitment and valuable contributions. With the continuous support from our controlling shareholder, Sino-Ocean, we will continue to forge ahead and accelerate our growth and development in the future.

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

Hong Kong, 28 February 2017

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

Executive Directors:	*Non-executive Directors:*	*Independent non-executive Directors:*
Mr. SUM Pui Ying	Mr. LI Ming	Mr. LAW Tze Lun
Ms. CUI Yueming	Mr. LI Hongbo	Mr. LO Woon Bor, Henry
Mr. LAI Kwok Hung, Alex		Mr. DENG Wei