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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014 (the “**Year**” or “**2014**”). The audited consolidated results of the Company have been reviewed by the Company’s audit committee.

ANNUAL RESULTS FOR 2014

The Group reported a loss attributable to its owners of approximately HK\$144.8 million for the Year, as compared to a profit attributable to its owners of approximately HK\$39.2 million for 2013. The net asset value of the Group as at 31 December 2014 was increased by 690.9% to approximately HK\$4,307.0 million (2013: approximately HK\$544.6 million), mainly as a result of the issue of 1.3 billion non-voting convertible preference shares at HK\$3.0 each. For reasons for the loss and details of the issue of such convertible preference shares, please see the paragraph headed “Financial Review” below.

The Board does not recommend the payment of any final dividend for the financial year of 2014.

KEY DEVELOPMENT

The Group stayed focus on its core businesses in 2014. 2014 as a whole witnessed a volatile economy landscape with weak economic indicators globally, which was also a good timing for our Group’s expansion in property-related investments through a variety of channels, which not only included direct property investment, but also more importantly included real estate fund management

and other ways that are considered to enhance our Group's future value as well as diversifying investment risk of our Group.

In terms of fund management business, our Group has increased the capital commitment of US\$3.95 million into the general partner and US\$250.0 million as a limited partner of a jointly controlled and managed investment platform of our Group, Sino Prosperity Real Estate Fund L.P. (the "**SPRE Fund**") established to invest in real estate projects in the PRC. The SPRE Fund has subsequently, through its wholly-owned subsidiary, acquired the entire equity interest of a company which held nine property projects located across seven cities in the PRC with aggregate gross floor area of pre-sold portion and unsold portion of approximately 2.9 million square meters, and a business operation in the provision of upfitting and decoration services for property projects during the Year. Through proactive asset management and asset enhancement by the SPRE Fund in projects that are in development stage or distressed and special situation, our Group expects to share the development potential realised through upgrading and enhancing quality to property projects.

Moreover, the Company entered into a purchase, sale and contribution agreement in December 2014 (the "**Transaction**") to invest in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont Realty, LLC ("**Rosemont**"), a well-established platform principally engaged in the ownership and management of commercial properties in 22 states in the United States (the "**US**"). Rosemont has sound commercial real estate expertise and extensive experience in managing, acquiring and disposing of commercial properties in the US over the past 20 years with headquarters in Santa Fe, New Mexico and main offices in Dallas, Houston, Atlanta, Denver, San Antonio, New York, Albuquerque, Peoria, and Tulsa in the US. Rosemont employs over 200 real estate professionals to manage and support its real estate portfolio and evaluate new real estate investment opportunities. As at 31 December 2014, Rosemont held ownership interests in 88 commercial property projects comprising 137 buildings with approximately 16.3 million square feet. The Transaction is expected to be completed by June 2015 and our Group expects to leverage on the expertise, experience and relationship of the senior management team of Rosemont, as well as relieving itself from the potential burden of maintaining a large portfolio of investment properties.

The Board believes that the SPRE Fund and Rosemont will serve as convenient platforms through which our Group can tap into a larger pool of potential value-enhancing property acquisition through its participation of both platforms, and accordingly expand its asset-light business. In addition, the Group obtains the equity stake in the general partner vehicle managing the funds and is therefore entitled to share in future management and/or performance fees earned by the general partner.

In terms of direct property investment, our Group extended our investment properties portfolio into Manhattan, New York during the Year, which enjoyed a high occupancy rate and provided our Group with stable recurrent income and potential appreciation gain.

In terms of other indirect property-related investments, our Group invested a minority interest in a property development project in Melbourne, Australia, which enables our Group a guaranteed pre-tax return of 8% per annum and diversify the risk exposure of our Group.

Further, our Group subscribed non-redeemable and non-voting participating shares of a closed-ended private equity fund, Neutron Private Equity Fund Limited (“**Neutron PE**”), which invested predominantly in real estate and related investments. The Board considers that such subscription enables our Group to diversify its investment risk and further enhances the rate of return of our Group through efficient access to a wider variety of investment channels.

With the issue of convertible preference shares to Grand Beauty Management Limited (“**Grand Beauty**”), an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited (“**Sino-Ocean Land**”) at a total subscription price of HK\$3.9 billion, which demonstrate the continued support from our major shareholder, our Group strengthens its financial capability to meet its capital needs during its expansion ahead.

FINANCIAL REVIEW

Revenue

During 2014, our Group recorded a total revenue of approximately HK\$91.9 million (2013: approximately HK\$186.7 million). The decrease in revenue was mainly as a result of the decrease in sales of gold bullions by approximately HK\$93.2 million.

The following table sets forth our Group’s revenue breakdown for 2014 and 2013:

	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Rental revenue	13,046	11,130
Dividend income	3,651	5,327
Sales of gold bullions	58,322	151,508
Management fee income	16,896	18,711
	<u>91,915</u>	<u>186,676</u>

Loss attributable to owners of the Company

During 2014, our Group recorded a loss attributable to owners of the Company of approximately HK\$144.8 million (2013: profit attributable to owners of the Company of approximately HK\$39.2 million). Consequently, our Group recorded basic losses per share of 32.48 HK cents in 2014 versus basic earnings per share of 8.79 HK cents in 2013. The loss recorded during the Year was mainly as a result of the following factors: (i) finance costs of approximately HK\$37.9 million, including the non-cash interest expenses of approximately HK\$22.3 million relating to the loan in the principal amount of HK\$1.0 billion granted by a subsidiary of Sino-Ocean Land, which are required to be recognised in the consolidated income statement of the Group under applicable accounting standards despite that such interest was waived; (ii) non-recurring fees and expenses of approximately

HK\$65.4 million arising out of the acquisitions explored and/or implemented by the Group in 2014; (iii) non-cash share of losses of approximately HK\$25.6 million in a joint venture of the Company, the SPRE Fund, as a result of the SPRE Fund, pursuant to its stringent asset management policy, applying a conservative revaluation on the property interest and assessment on recoverability of trade and other receivables after acquiring a number of property projects in the PRC by a subsidiary of the SPRE Fund; and (iv) the absence of an one-off gain of approximately HK\$45.7 million from the disposal of a subsidiary recorded in 2013.

Issue of Convertible Preference Shares

On 26 October 2014, the Company entered into a subscription agreement with Grand Beauty, pursuant to which the Company has conditionally agreed to issue and Grand Beauty has conditionally agreed to subscribe for 1.3 billion non-voting convertible preference shares (the “**Convertible Preference Shares**”) at a subscription price of HK\$3.0 per Convertible Preference Share. The total subscription amount of the Convertible Preference Shares is HK\$3.9 billion. The issue of the Convertible Preference Shares was completed on 23 December 2014, and the net proceeds from the issue (after deducting the expenses for the issue) amounted to approximately HK\$3,899.0 million. Out of such net proceeds, approximately HK\$3,445.3 million has been or will be applied to finance the following projects or transactions undertaken by the Group (the “**Projects**”):

- (i) the capital commitment of US\$250.0 million (equivalent to approximately HK\$1,939.2 million) into the SPRE Fund. Details of this transaction are set out in the announcement of the Company dated 17 November 2014 and the circular of the Company dated 13 December 2014;
- (ii) the investment in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont. The investment amount of this transaction is approximately US\$119.0 million (equivalent to approximately HK\$922.5 million). Details of this transaction are set out in the announcement of the Company dated 31 December 2014;
- (iii) the investment of US\$52.0 million (equivalent to approximately HK\$403.6 million) in Neutron PE, a property fund whose investment objective 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. Details of this transaction are set out in the announcement of the Company dated 29 December 2014 and the circular of the Company dated 25 February 2015; and

- (iv) the provision of a loan in the principal amount of HK\$180.0 million by an indirect wholly-owned subsidiary of the Company to Alpha Advent Ventures Limited. The loan is intended to be used by New Advance Limited (a wholly-owned subsidiary of Alpha Advent Ventures Limited) to finance the acquisition cost and future development cost of the parcel of land with Lot No.758 in Demarcation District No. 332 which is located at Cheung Sha, Lantau Island, New Territories, Hong Kong. Details of this transaction are set out in the announcement of the Company dated 15 January 2015 and the circular of the Company dated 5 February 2015.

The remaining net proceeds of approximately HK\$453.7 million after deducting proceeds utilised or reserved for the Projects as mentioned above are intended to fund other potential property investment opportunities available to the Group in the future.

Financial Resources and Liquidity

Total assets of our Group as at 31 December 2014 increased by 177.6% to approximately HK\$5,887.8 million from HK\$2,121.2 million as at 31 December 2013. Owing to the combined effects of the loss for the Year and the issuance by the Company of the 1.3 billion Convertible Preference Shares as disclosed in the paragraph headed “Issue of Convertible Preference Shares” above, the net asset value of our Group increased to approximately HK\$4,307.0 million (2013: approximately HK\$544.6 million).

As at 31 December 2014, our Group had total cash resources (including bank balances and cash and short-term bank deposits) of approximately HK\$2,157.9 million (2013: approximately HK\$715.3 million) and the current ratio was 39.24 times (2013: 1.56 times). Significant increase in current ratio was mainly resulted from the following factors:

- (i) short-term bank borrowings, classified as current liabilities last year, were reclassified as non-current liabilities this year as a result of renewal of bank facility agreement in the principle amount of HK\$500.0 million for a further term of 36 months; and
- (ii) net proceeds from the issuance by the Company of the 1.3 billion Convertible Preference Shares to Grand Beauty which amounted to approximately HK\$3,899.0 million, as disclosed in the paragraph headed “Issue of Convertible Preference Shares” above, which was not fully utilised as at 31 December 2014.

As at 31 December 2014, our Group recorded a total borrowing of approximately HK\$1,522.6 million (2013: approximately HK\$1,549.9 million) which mainly consist of (i) an unsecured 10-year loan of HK\$1.0 billion from Grand Beauty; (ii) unsecured bank borrowing in the principal amount of HK\$500.0 million which was wholly repayable in 2017; and (iii) entrusted loan of approximately HK\$26.6 million in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of our Group, which is unsecured, wholly repayable within five years and bore interest at fixed rate as at 31 December 2014. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2014.

We are confident that we have ample financial resources to meet our business expansion when appropriate.

The net gearing ratio of our Group is calculated based on total borrowings less cash resources divided by total shareholders' equity. As at 31 December 2014, the Group had bank and cash balances of approximately HK\$2,157.9 million which is sufficient to pay off all borrowings of the Group of approximately HK\$1,522.6 million. Therefore, the Group did not have any gearing on a net debt basis as at 31 December 2014 as compared with a net gearing ratio of 1.53 as at 31 December 2013. Such change was mainly as a result of increase in cash resources from the issue of the aforesaid Convertible Preference Shares.

OPERATION REVIEW

During the Year, our Group stuck to the philosophy of value investment, actively optimizing 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 2 to the consolidated financial statements of our Group disclosed below.

Fund Management

Fund Platform Investment

Through fund platform investment, our Group is able to participate in the property projects in the PRC or other countries where investment opportunities arise, as part of its corporate development strategy, through various structures of vehicles, which enable our Group to share potential gain from such investments.

SPRE Fund

During 2014, the SPRE Fund maintains as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the PRC. Our Group treats the SPRE Fund as a convenient platform through which our Group can tap into a larger pool of potential value-enhancing property acquisitions through its participation in the SPRE Fund.

In December 2014, our Group increased its capital commitment to the SPRE Fund by US\$250.0 million, of which an amount of US\$232.0 million was subsequently contributed to the SPRE Fund, for the SPRE Fund's acquisition of the entire equity interest and related shareholder loan of a company which holds several property projects across seven cities in the PRC with aggregate gross floor area of pre-sold portion and unsold portion of approximately 2.9 million square meters, and a business operation engaged in the provision of upfitting and decoration services to property projects (the "**Acquisition**"). The details are set out in the Company's announcement and circular dated 17 November 2014 and 13 December 2014 respectively.

Non-cash share of goodwill impairment losses from the SPRE Fund of approximately HK\$25.6 million was recognized by the Group as at 31 December 2014, as a result of the SPRE Fund, pursuant to its stringent asset management policy, applying a conservative revaluation on the property interest and assessment on recoverability of trade and other receivables acquired under the Acquisition.

Rosemont

The Company entered into a purchase, sale and contribution agreement in December 2014 (the “**Transaction**”) to invest in the general partnership interests, together with certain limited partnership interests, in partnership entities of Rosemont, a well-established platform principally engaged in the ownership and management of commercial properties in 22 states in the US. Rosemont has sound commercial real estate expertise and extensive experience in managing, acquiring and disposing of commercial properties in the US over the past 20 years with headquarters in Santa Fe, New Mexico and main offices in Dallas, Houston, Atlanta, Denver, San Antonio, New York, Albuquerque, Peoria, and Tulsa in the US. Rosemont employs over 200 real estate professionals to manage and support its real estate portfolio and evaluate new real estate investment opportunities. As at 31 December 2014, Rosemont held ownership interests in 88 commercial property projects comprising 137 buildings with approximately 16.3 million square feet. The Transaction is expected to be completed by June 2015 and our Group expects to leverage on the expertise, experience and relationship of the senior management team of Rosemont, as well as relieving itself from the potential burden of maintaining a large portfolio of investment properties.

The Board believes that the SPRE Fund and Rosemont will serve as convenient platforms through which our Group can tap into a larger pool of potential value-enhancing property acquisition through its participation of both platforms, and accordingly, expand its asset-light business. In addition, the Group obtains the equity stake in the general partner vehicle managing the funds and is therefore entitled to share in future management and/or performance fees earned by the general partner.

Other fund management

Other fund management contributes return for our Group for the Year of approximately HK\$16.9 million (2013: approximately HK\$18.7 million).

Property Investments

Investment properties provide a steady and reliable income and cash flow for our Group in addition to the possible capital gains from appreciation in value.

As at 31 December 2014, our investment properties comprised A-grade office premises in Hong Kong with gross floor area of 16,009 square feet and residential units in New York with gross floor area of 17,385 square feet, with an aggregate occupancy rate over 96%.

Increase in total rental income by 17% to approximately HK\$13.0 million and recognition of revaluation gains of approximately HK\$3.6 million was mainly contributed by the Group's acquisition of 20 residential units for a total cash consideration of approximately US\$24.6 million in the heart of Manhattan's financial district of New York during the Year.

Fund Investments

Fund investments enable our Group to capture more sound investment opportunities and diversify its investment risk and further enhance its rate of return through efficient management and a wider access to investment channels to which our Group may not have direct access. The carrying value of our fund investment portfolio as at 31 December 2014 amounted to approximately HK\$814.1 million (2013: approximately HK\$856.2 million). No revenue or gain has yet been recognized from fund investments for the Year. Apart from other movement, decrease in fair value of fund investments of approximately HK\$22.1 million was charged to other comprehensive income for the Year as a result of the fluctuation in the worldwide financial market during the Year. (2013: increase in fair value of approximately HK\$9.9 million).

In December 2014, our Group made further investment in Neutron PE, with subscription monies of US\$52.0 million, on top of its existing investment in Neutron PE which the Group made in October 2013 for an investment amount of US\$12.5 million. Neutron PE is a private equity fund which aims to invest in one or more collective investment schemes which invest predominantly in real estate and related investments. The Board considered investment in Neutron PE enables our Group to diversify its investment risk and further enhances the rate of return of our Group's core business through efficient access of a wider variety of investment channels to which our Group may not have direct access at present. The details of such investment are set out in the Company's announcement and circular dated 29 December 2014 and 25 February 2015 respectively.

Securities and Other Investments

Our Group recognized a total revenue for the Year of approximately HK\$62.0 million (2013: approximately HK\$156.8 million) from securities and other investments which represents dividend income of approximately HK\$3.7 million (2013: approximately HK\$5.3 million) and sales of gold bullions of approximately HK\$58.3 million (2013: approximately HK\$151.5 million). Moreover, our Group recorded a gain from changes in fair value of financial instruments held for trading of approximately HK\$9.7 million (2013: approximately HK\$8.9 million).

An analysis of the securities and other investments of our Group as at 31 December 2014 is as follows:

	As at 31 December 2014	As at 31 December 2013
Carrying value as at (<i>HK\$'000</i>)		
Financial instruments held for trading	114,711	155,214
Distribution of which:		
Listed securities:		
— Equities — Hong Kong	9,507	29,967
— Equities — Overseas	94,259	123,205
— Equities — PRC	917	2,042
Derivatives:		
— Forward exchange contracts	9,483	—
— Futures contracts	545	—
Gold bullion	—	25,026
Available-for-sale investments:		
Equities	92,563	41,540

Security investment portfolio formed part of our Group's cash management activities, and the management of our Group is pleased to maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market. In order to reduce exposure on securities investment, investment profit was realized in the last quarter of 2014, therefore resulting in a decrease in carrying value of security investment portfolio.

As at 31 December 2014, our Group's other investments mainly includes (i) a minority interest in a property project in Australia and (ii) a minority interest in Anhui Yangzi Floor Co., Ltd ("**Yangzi Floor**") (which was subsequently disposed of in February 2015 as mentioned below).

A property project in Australia

In January 2014, our Group invested a minority interest with a fixed pre-tax 8% return per annum in a residential property development project in Australia, with an aggregate consideration of approximately Australian dollar 14.3 million (equivalent to approximately HK\$97.9 million). As at 31 December 2014, all the residential units have been pre-sold and the construction is expected to be completed in the first half of 2017.

Yangzi Floor

In February 2015, our Group disposed of its equity investment in Yangzi Floor, a total of 4,500,000 shares, at a price of RMB5.5 per share in a series of transactions on the open market of National Equities Exchange and Quotations for an aggregate gross sale proceeds of approximately RMB24.8 million (approximately HK\$31.4 million) before expenses. The details are set out in the Company's announcement dated 13 February 2015.

MARKET OUTLOOK

The world will continue to see diverging economic fortunes, leading by divergence in central bank policies, deflation from the Eurozone, emerging markets failing to re-accelerate. Those economies that have enacted the proper reforms will fare best, while the market is likely to reward those making steps in the right direction.

The US market is likely to witness accelerated growth in consumer and business spending, after several rounds of quantitative easing post the global financial crisis. In response to increasing rates of inflation and declining unemployment, 2015 is likely to be the year tightening arrives. The Federal Reserve is anticipated to increase interest rates in a very pragmatic and cautious manner, and remains responsive to economic conditions. For the potential strengthen of US dollar, the Federal Reserve will monitor the situation closely so as not to trigger rising US dollar to the point where it actually jeopardizes the recovery in the US. The energy revolution in the US will be another point of focus in 2015, which will have the ability to stimulate demand through exploration and production and help the balance of trade, budget situation and employment growth.

China is expected to maintain a slower but more sustainable growth, with continuing structural reforms, which would put pressure on growth in the short term but benefit in the long term. Domestic debt crisis and slowdown in domestic demand will remain a barrier to the reforms and some of the reform measures such as interest rate liberalization would have a negative short-term impact on economic growth. However the PRC government is expected to manage such delicate balance between growth and reform and to use targeted stimulus policies and measured interest rate cuts to avoid any sharp downturn in 2015.

Eurozone growth will be supported by improved US growth, household consumption, and looser fiscal policy. The European Central Bank is expected to keep monetary policy loose and could be forced into full quantitative easing if rates of inflation do not improve. Given the weakened euro, the potential stimulative monetary policy and the indication of banks more willing to extend credit, Eurozone is likely to experience a better year in 2015. However, the tensions in Russia and Ukraine, the imbalanced development between European counties while some countries are struggling to consolidate their debt will remain as threats to the growth of the Eurozone.

DEVELOPMENT PROSPECTS

Looking ahead to 2015, we believe that challenges and opportunities coexist. In 2015, major economies are likely to continue the post-crisis recoveries, although vulnerable economic indicators may persist. Facing with changes and opportunities in 2015, our Group will continuously take root in the property markets and grasp more sound opportunities and explore new channels for investing in quality projects. Moreover, our Group will continue to reinforce our professional knowledge, move prudently and fully exploit synergy from its various investments, aiming to strengthen its core competencies and to contribute sustainable growth and returns for our Group, with the ultimate goal to maximise shareholders' value in the medium to long term.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Provision of loan to Alpha Advent

On 15 January 2015, Swift Boom Investments Limited (“**Swift Boom**”), an indirect wholly-owned subsidiary of the Company, and Alpha Advent Ventures Limited (“**Alpha Advent**”), a wholly-owned subsidiary of Neutron Property Fund Limited (“**Neutron Property**”) entered into a loan agreement, pursuant to which Swift Boom has agreed to provide a loan in a principal amount of HK\$180.0 million to Alpha Advent (the “**Loan**”). The Loan carries interest at 6% per annum, repayable in three years, and is guaranteed by Neutron Property. The Loan is intended to be used by New Advance Limited (a wholly-owned subsidiary of Alpha Advent) to finance the acquisition cost and future development cost of the parcel of land with Lot No. 758 in Demarcation District No. 332 which is located at Cheung Sha, Lantau Island, New Territories, Hong Kong. The Loan was drawdown on the same date.

Details of this transaction are set out in the Company’s announcement dated 15 January 2015 and circular of the Company dated 5 February 2015.

Disposal of shares of Anhui Yangzi Floor Co., Ltd.

On 13 February 2015, the Company disposed of a total of 4,500,000 ordinary shares (the “**Auhui Shares**”) in the issued share capital of 安徽揚子地板股份有限公司 (Anhui Yangzi Floor Co., Ltd.*), at a price of RMB5.5 per Anhui Share in a series of transactions on the open market of National Equities Exchange and Quotations through a securities firm in the People’s Republic of China for an aggregate gross sale proceeds of approximately RMB24.8 million (approximately HK\$31.4 million) before expenses. The aggregate net sale proceeds (after deducting brokerage fee and other transaction costs) is approximately RMB24.7 million (approximately HK\$31.2 million) which will be used for the general working capital of the Group and to fund any potential investments available to the Group in the future.

Details of this transaction are set out in the Company’s announcement dated 13 February 2015.

* *for identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Sales proceeds from disposal of financial instruments held for trading		<u>702,869</u>	<u>1,276,435</u>
Turnover	2	91,915	186,676
Changes in inventories of gold bullions		(56,790)	(159,363)
Other income	3	2,329	2,057
Staff costs		(12,631)	(13,475)
Share-based compensation	4	(5,062)	(13,942)
Depreciation		(2,246)	(409)
Other expenses		(107,389)	(14,238)
Gain arising from changes in fair value of financial instruments held for trading		9,670	8,895
Gain arising from changes in fair value of investment properties		3,576	334
Gain on disposal of a subsidiary			
— Excluding the translation reserve		—	33,963
— Reclassification from translation reserve upon disposal of the subsidiary		—	11,704
		—	45,667
Share of results of joint ventures	5	(30,173)	26,714
Finance costs	6	<u>(37,937)</u>	<u>(25,048)</u>
(Loss)/Profit before income tax	7	(144,738)	43,868
Income tax	8	<u>(100)</u>	<u>(4,715)</u>
(Loss)/Profit for the year	9	<u>(144,838)</u>	<u>39,153</u>
(Loss)/Profit for the year attributable to:			
Owners of the Company		<u>(144,838)</u>	<u>39,153</u>
(Losses)/Earnings per share for (loss)/profit attributable to owners of the Company	10		
— basic (HK cents)		(32.48)	8.79
— diluted (HK cents)		<u>N/A</u>	<u>8.75</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/Profit for the year	(144,838)	39,153
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
— Exchange differences arising on translation of foreign operations	76	792
— Release of translation reserve upon disposal of a subsidiary	—	(11,704)
— Change in fair value of available-for-sale investments	<u>(22,101)</u>	<u>9,868</u>
Other comprehensive income for the year	<u>(22,025)</u>	<u>(1,044)</u>
Total comprehensive income for the year	<u>(166,863)</u>	<u>38,109</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>(166,863)</u>	<u>38,109</u>

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Notes	THE GROUP		THE COMPANY	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Non-current assets					
Investment properties		518,694	317,700	—	—
Property, plant and equipment		2,905	4,210	—	—
Investments in subsidiaries		—	—	872,579	264,429
Interests in joint ventures	5	1,772,482	3,110	—	—
Available-for-sale investments	12	906,683	897,761	—	—
Prepayment for subscription of available-for-sale investment	12(b)(iv)	403,578	—	—	—
Amounts due from subsidiaries		—	—	2,649,040	821,495
		<u>3,604,342</u>	<u>1,222,781</u>	<u>3,521,619</u>	<u>1,085,924</u>
Current assets					
Deposits, prepayments and other receivables		7,985	2,123	174	125
Amount due from immediate holding company		2,910	—	2,910	—
Amount due from a joint venture	5	—	674	—	—
Amounts due from subsidiaries		—	—	685,909	549,619
Financial instruments held for trading		114,711	155,214	—	—
Other investment		—	25,026	—	—
Short-term bank deposits		94,737	424,693	11,050	273,445
Bank balances and cash		2,063,126	290,650	1,636,827	94,152
		<u>2,283,469</u>	<u>898,380</u>	<u>2,336,870</u>	<u>917,341</u>
Current liabilities					
Other payables and accrued charges		57,938	22,625	50,166	8,427
Amounts due to subsidiaries		—	—	180	26,893
Taxation payable		212	4,016	—	—
Borrowings		44	549,753	—	498,833
		<u>58,194</u>	<u>576,394</u>	<u>50,346</u>	<u>534,153</u>
Net current assets		<u>2,225,275</u>	<u>321,986</u>	<u>2,286,524</u>	<u>383,188</u>
Total assets less current liabilities		<u><u>5,829,617</u></u>	<u><u>1,544,767</u></u>	<u><u>5,808,143</u></u>	<u><u>1,469,112</u></u>

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves				
Share capital — nominal value	—	22,275	—	22,275
Share premium	—	153,728	—	153,728
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Share capital (2013: Share capital and share premium)	180,658	176,003	180,658	176,003
Reserves	4,126,388	368,602	4,131,652	293,109
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total equity	4,307,046	544,605	4,312,310	469,112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Non-current liabilities				
Borrowings	1,522,571	1,000,162	1,495,833	1,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total equity and non-current liabilities	5,829,617	1,544,767	5,808,143	1,469,112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital HK\$'000	Share premium 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 HK\$'000	Attributable to owners of the Company HK\$'000
Balance at 1 January 2013	22,275	153,728	—	—	5,579	—	24,843	286,129	492,554
Other comprehensive income									
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	792	—	792
— Release of translation reserve upon disposal of a subsidiary	—	—	—	—	—	—	(11,704)	—	(11,704)
— Change in fair value of available-for-sale investments	—	—	—	—	—	9,868	—	—	9,868
Profit for the year	—	—	—	—	—	—	—	39,153	39,153
Total comprehensive income for the year	—	—	—	—	—	9,868	(10,912)	39,153	38,109
Share-based compensation (Note 4)	—	—	—	—	13,942	—	—	—	13,942
Balance at 31 December 2013	22,275	153,728	—	—	19,521	9,868	13,931	325,282	544,605
Transfer on 3 March 2014	153,728	(153,728)	—	—	—	—	—	—	—
Other comprehensive income									
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	76	—	76
— Change in fair value of available-for-sale investments	—	—	—	—	—	(22,101)	—	—	(22,101)
Loss for the year	—	—	—	—	—	—	—	(144,838)	(144,838)
Total comprehensive income for the year	—	—	—	—	—	(22,101)	76	(144,838)	(166,863)
Issue of convertible preference shares	—	—	3,898,698	—	—	—	—	—	3,898,698
Share-based compensation (Note 4)	—	—	—	—	5,062	—	—	—	5,062
Exercise of share options	4,655	—	—	—	(1,411)	—	—	—	3,244
Interest waiver granted by parent	—	—	—	22,300	—	—	—	—	22,300
Balance at 31 December 2014	<u>180,658</u>	<u>—</u>	<u>3,898,698</u>	<u>22,300</u>	<u>23,172</u>	<u>(12,233)</u>	<u>14,007</u>	<u>180,444</u>	<u>4,307,046</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

(a) Adoption of new/revised HKFRSs — effective on 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting

Except as explained below, the adoption of these amendments has no material impact on the Group’s financial statements.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding application guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity’s business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

(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:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or transactions occurring on, or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

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 financial statements.

HKFRS 9 (2014) — 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.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group’s financial position or performance, however the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

2. 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 investments — rental income from leasing of office 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. Fund management — 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 2014

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Fund management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	13,046	764,842	—	16,896	794,784
Less: Sales proceeds from disposal of financial instruments held for trading	—	702,869	—	—	702,869
Turnover as presented in consolidated income statement	<u>13,046</u>	<u>61,973</u>	<u>—</u>	<u>16,896</u>	<u>91,915</u>
Segment results	<u>8,792</u>	<u>13,806</u>	<u>(110)</u>	<u>(68,015)</u>	(45,527)
Interest income from bank deposits					2,269
Unallocated corporate expenses					(63,543)
Finance costs					<u>(37,937)</u>
Loss before income tax					<u>(144,738)</u>

For the year ended 31 December 2013

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Fund management <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	11,130	1,433,270	—	18,711	1,463,111
Less: Sales proceeds from disposal of financial instruments held for trading	—	1,276,435	—	—	1,276,435
Turnover as presented in consolidated income statement	<u>11,130</u>	<u>156,835</u>	<u>—</u>	<u>18,711</u>	<u>186,676</u>
Segment results	<u>10,851</u>	<u>7,033</u>	<u>(931)</u>	<u>44,185</u>	61,138
Interest income from bank deposits					2,021
Gain on disposal of a subsidiary					45,667
Unallocated corporate expenses					(39,910)
Finance costs					<u>(25,048)</u>
Profit before income tax					<u>43,868</u>

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 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, gain on disposal of a subsidiary, 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Assets		
Segment assets		
— Property investments	522,747	318,039
— Securities and other investments	586,358	452,229
— Fund investments	1,232,910	871,478
— Fund management	1,772,497	4,118
Unallocated assets	<u>1,773,299</u>	<u>475,297</u>
Consolidated total assets	<u><u>5,887,811</u></u>	<u><u>2,121,161</u></u>
Liabilities		
Segment liabilities		
— Property investments	3,885	2,970
— Securities and other investments	3,908	10,004
— Fund investments	40	40
— Fund management	—	5,307
Unallocated liabilities	<u>1,572,932</u>	<u>1,558,235</u>
Consolidated total liabilities	<u><u>1,580,765</u></u>	<u><u>1,576,556</u></u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, amounts due from immediate holding company, short-term bank deposits, unallocated other receivables, bank balances and cash; and
- all liabilities are allocated to operating segments other than taxation payable, borrowings and unallocated other payables.

For the year ended 31 December 2014

Other segment information

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Fund management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	197,308	—	—	—	197,308
Interests in joint ventures	—	—	—	1,772,482	1,772,482
Depreciation	—	—	—	—	—
Gain arising from changes in fair value of investment properties	3,576	—	—	—	3,576
Gain arising from changes in fair value of financial instruments held for trading	—	9,670	—	—	9,670
Share of results of joint ventures	—	—	—	(30,173)	(30,173)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2013

Other segment information

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Fund management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	65,566	4,345	—	—	69,911
Interests in joint ventures	—	—	—	3,110	3,110
Depreciation	5	404	—	—	409
Gain arising from changes in fair value of investment properties	334	—	—	—	334
Gain arising from changes in fair value of financial instruments held for trading	—	8,895	—	—	8,895
Share of results of joint ventures	—	—	—	26,714	26,714
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(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 turnover 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:

	Turnover from external customers		Non-current assets other than financial instruments and interests in joint ventures	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	67,945	161,881	321,683	321,030
The US	3,287	—	199,734	—
The PRC	20,323	23,462	182	880
Others	360	1,333	—	—
	<u>91,915</u>	<u>186,676</u>	<u>521,599</u>	<u>321,910</u>

(c) Information about major customers

During the years ended 31 December 2013 and 2014, no revenue from individual customer contributed over 10% of the total revenue of the Group.

Certain comparative figures in the segment information for the year ended 31 December 2013 has been reclassified. Previously, shares of results of joint ventures were not allocated to the operating segments. Also, interests in joint ventures were reported under unallocated assets. For the year ended 31 December 2014, share of results of joint ventures and interests in joint ventures were reclassified and reported under "Fund management" as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been reclassified accordingly.

3. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank interest income	2,269	2,021
Others	60	36
	<u>2,329</u>	<u>2,057</u>

4. SHARE-BASED COMPENSATION

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 June 2011 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 22 June 2021. Under the Scheme, the directors of the Company may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of specific categories of options are as follows:

Date of grant	Exercisable period	Exercise price
26 August 2011	26 August 2011 to 22 June 2021	HK\$1.40
9 August 2013	9 August 2013 to 22 June 2021	HK\$0.96
9 August 2013*	16 September 2013 to 22 June 2021	HK\$0.96

* The grant of 16,000,000 share options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013.

At the extraordinary general meeting on held 23 June 2011, the total number of shares in respect of which share options were approved to be granted under the Scheme shall not exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Such 10% equivalent to 44,550,000 shares of the Company's issued share capital. Since then, the Company has granted 9,600,000 share options under the Scheme on 26 August 2011. These share options were vested on the same date and their fair value of HK\$5,579,000 has been recognised as share-based compensation by the Group and the Company for the year ended 31 December 2011.

On 9 August 2013, the Company proposed to grant 35,400,000 share options under the Scheme (the "Options") to executive and non-executive directors and certain other employees of the Group.

Save for Options granted to Mr. Sum Pui Ying, one of the executive directors, all the other Options are not subject to vesting conditions.

Particulars of the Options granted under the Scheme were set forth in the announcement and circular of the Company dated 9 August 2013 and 23 August 2013 respectively.

The grant of Options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013; a total of 8,000,000 Options had been vested in Mr. Sum Pui Ying as at 31 December 2014.

At 31 December 2014, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 42,400,000 (2013: 45,000,000), representing 9.46% (2013: 10.1%) of the shares of the Company in issue at that date.

Share options may be exercised at any time from the date of grant of the share options to 22 June 2021. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

35,400,000 share options were granted on 9 August 2013 of which 19,400,000 share options and 4,000,000 share options were vested and exercisable on 9 August 2013 and 16 September 2013 respectively. The fair value of the share options granted was HK\$21,993,000 in aggregate, of which the Group and the Company recognised HK\$13,942,000 as share-based compensation for the year ended 31 December 2013.

4,000,000 share options which were granted on 16 September 2013 were vested and exercisable on 9 August 2014. The Group and the Company recognised share-based compensation of HK\$5,062,000 for the year ended 31 December 2014.

Movement in share options are as follows:

	2014		2013	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	45,000,000	1.05	9,600,000	1.40
Granted	—	—	35,400,000	0.96
Exercised	(2,600,000)	1.25	—	—
Outstanding at 31 December	<u>42,400,000</u>	<u>1.04</u>	<u>45,000,000</u>	<u>1.05</u>
Exercisable at 31 December	<u>34,400,000</u>	<u>1.06</u>	<u>33,000,000</u>	<u>1.09</u>

The weighted average remaining contractual life of the share options outstanding at 31 December 2014 was approximately 6.48 years (2013: 7.47 years).

The weighted average market price at the date of exercise for shares options exercised during the year was HK\$1.69 (2013: N/A).

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Grant/Approve on	9 August 2013 & 16 September 2013	23 August 2011
Share price at grant date	HK\$0.96 & HK\$1.36	HK\$1.40
Exercise price	HK\$0.96	HK\$1.40
Expected volatility	59.36%-62.36%	51.33%
Expected life	7.87 & 7.77 years	9.82 years
Risk-free rate	1.823%-1.851%	1.73%
Expected dividend yield	0%	3.64%

The underlying expected volatility was determined by reference to historical data, calculated based on the expected life of share options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

5. INTERESTS IN JOINT VENTURES

	2014	2013
	HK\$'000	HK\$'000
At the beginning of the year	3,110	6,715
Share of post-acquisition profits and other comprehensive income	(30,173)	26,714
Dividend distribution (<i>Note (b)</i>)	—	(30,319)
Capital contribution (<i>Note (c)</i>)	1,799,545	—
At the end of the year	<u>1,772,482</u>	<u>3,110</u>

As at 31 December 2014, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Principal place of incorporation/ operation	Class of shares held	Proportion of issued share capital directly held by the Group	Principal activities
Sino Prosperity Real Estate Limited	Incorporated	Cayman Islands	Ordinary	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited	Incorporated	Cayman Islands	Ordinary	50%	Investment advisory

Name of principal subsidiary/ fund of joint venture	Form of business structure	Principal place of incorporation/ operation	Proportion of issued share capital directly held by the Group	Principal activities
Sino Prosperity Real Estate (GP), L.P. (“Fund GP”)	Partnership	Cayman Islands	50%	Investment holdings
Sino Prosperity Real Estate Fund L.P. (“Fund”)	Partnership	Cayman Islands	50%	Investment holdings

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 5 September 2011, the Group and Sino-Ocean Land (Hong Kong) Limited (“SOL HK”) established the above joint ventures for investing in certain real estate projects in the PRC. Sino Prosperity Real Estate Limited indirectly owned 49% equity interest in Great Wise Investment Limited (“Great Wise”) through Sino Prosperity Holdings One (“Fund Holdco One”), a wholly-owned subsidiary of Fund GP. Great Wise is engaged in investment holding and held 100% equity interest in a PRC company which is engaged in property development in Dalian, the PRC.

On 8 February 2013, Fund Holdco One entered into a share purchase agreement (the “Share Purchase Agreement”) with SOL HK. Pursuant to the Share Purchase Agreement, Fund Holdco One agreed to dispose all of its interests in Great Wise and the relevant portion of outstanding shareholder’s loan advance to Great Wise by Fund Holdco to SOL HK at a consideration of U.S. dollars (“US\$”) 103,318,000 or equivalent in other currencies. The disposal was completed on 8 March 2013.

- (b) After the disposal of Great Wise, the Group received dividend distribution of HK\$30,319,000 (equivalent to approximately US\$3,905,000) from Sino Prosperity Real Estate Limited which represents a returned share capital of HK\$2,746,000 and a distribution of HK\$27,573,000.
- (c) On 17 November 2014, the Group entered into an amendment agreement and a subscription agreement, agreed to increase its capital commitment into the Fund by US\$250,000,000 and also to the Fund GP from US\$1,050,000 by US\$3,950,000, to US\$5,000,000. The increase in capital commitment has been approved by the independent shareholders of the Company at the extraordinary general meeting held on 31 December 2014. Subsequent to the passing of this resolution by the Company shareholders, part of the capital commitment of approximately US\$232,000,000 (equivalent to approximately HK\$1,799,545,000) was drawn down on 31 December 2014 for the Fund to complete the acquisition of the entire interest of a company which indirectly holds certain PRC property projects and a business of providing upfitting and decoration services in the PRC. Details of the transactions were set out in the Company’s announcement and circular dated 17 November 2014 and 13 December 2014 respectively.

(d) As at 31 December 2014, the Group has outstanding commitments as follows:

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Fund GP	451	1,049
Fund	<u>22,549</u>	<u>—</u>
	<u>23,000</u>	<u>1,049</u>

(e) The amount due was unsecured, interest-free and had no fixed terms of repayment.

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
Bank and other borrowings		
— wholly repayable within five years	12,322	18,024
— wholly repayable over five year	22,300	6,503
Others	<u>3,315</u>	<u>521</u>
	<u>37,937</u>	<u>25,048</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss)/Profit before income tax has been arrived at:		
<i>after charging:</i>		
Auditor's remuneration		
— current year	1,296	868
— underprovision in the prior year	92	30
	<u>1,388</u>	<u>898</u>
Net foreign exchange loss	25,764	—
Rental payments in respect of properties under operating leases	5,102	3,239
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	447	516
<i>and after crediting:</i>		
Interest income from investments	84	13
Dividend income from financial instruments held for trading	3,651	5,327
Net foreign exchange gain	—	7,888
Gross rental income from investment properties	13,046	11,130
Less: direct operating expenses arising from investment properties that generated rental income during the year	<u>(1,635)</u>	<u>(993)</u>
	<u>11,411</u>	<u>10,137</u>

8. INCOME TAX

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The taxation attributable to the Group's operation comprises:		
Current tax		
Hong Kong Profits Tax	448	236
Profits tax outside Hong Kong	—	3,973
	<u>448</u>	<u>4,209</u>
(Over)/under provision in prior years		
Hong Kong Profits Tax	(38)	—
Profits tax outside Hong Kong	<u>(310)</u>	<u>506</u>
	<u>(348)</u>	<u>506</u>
	<u>100</u>	<u>4,715</u>

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.

9. (LOSS)/PROFIT FOR THE YEAR

Of the consolidated loss for the year attributable to owners of the Company of HK\$144,838,000 (2013: consolidated profit of HK\$39,153,000), a loss of HK\$86,106,000 (2013: a profit of HK\$49,754,000) has been dealt with in the financial statements of the Company.

10. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic (losses)/earnings per share attributable to owners of the Company is based on the loss for the year of HK\$144,838,000 (2013: profit of HK\$39,153,000) and the weighted average number of ordinary shares of 445,913,151 (2013: 445,500,000 ordinary shares) in issue during the year.

No adjustment has been made to basis losses per share amount presented for the year ended 31 December 2014 in respect of a dilution as the impact of share options and convertible preference shares outstanding had an anti-dilutive on the basis losses per share amount presented.

For the year ended 31 December 2013, the calculation of the diluted earnings per share is based on the profit attributable to owners of the Company of HK\$39,153,000 and the weighted average number of ordinary shares of 447,513,735 in issue, after adjusting for the effects of all dilutive potential ordinary shares.

	Number of shares in 2013 '000
Weighted average number of ordinary shares used in basic earnings per share	445,500
Effect of deemed issue of shares under Company's share options scheme for no consideration	<u>2,014</u>
Weighted average number of ordinary shares used in diluted earnings per share	<u><u>447,514</u></u>

11. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2013 and 2014, nor has any dividend been proposed since the end of the reporting period.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Unlisted equity investments, at cost (<i>Note (a)</i>)	92,893	41,870
Unlisted investments (<i>Note (b)</i>)	814,120	856,221
Impairment loss on available-for-sale investments	<u>(330)</u>	<u>(330)</u>
At the end of the year	<u>906,683</u>	<u>897,761</u>

Notes:

- (a)(i) The unlisted equity investments included investments in unlisted equity securities issued by private entities incorporated outside Hong Kong amounted to HK\$41,452,000 (2013: HK\$41,540,000) after impairment provision, of which the Group holds less than 5% (2013: 5%) of the equity interest of these investees.
- (a)(ii) On 9 January 2014, an indirect wholly-owned PRC subsidiary of the Company entered into a share purchase agreement to acquire 5% unlisted equity interest in a PRC entity at an aggregate cash consideration of Renminbi (“RMB”) 1,500,000 (equivalent to approximately HK\$1,901,000).
- (a)(iii) On 24 January 2014, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with P’0006 A’ Beckett Pty Ltd. (the “Trustee”) and ICD Land Pty. Ltd. (“ICD Land”) (the “Subscription Agreement”), pursuant to which the Group agreed to subscribe for 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 the Trustee for a total consideration of Australian dollar (“A\$”) 14,285,714 (equivalent to approximately HK\$97,701,000). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia.

In conjunction with the Subscription Agreement, the Group, ICD Land and the Trustee also entered into an agreement on the same day to regulate the affairs of the Trust and the Trustee.

On 29 January 2014 and 25 September 2014, the Group had paid approximately 50% of the total consideration of A\$7,143,256 (equivalent to approximately HK\$49,210,000) and holds 199 ordinary shares and 7,142,858 of class A units of the Trust, and 199 Trustee’s ordinary shares. As 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 directors of the Company designated the unlisted investment as available-for-sale investment. Details of the investment in Australia were set out in the announcement of the Company dated 24 January 2014.

At 31 December 2014, the Group has outstanding commitments to make capital contribution of approximately A\$7,142,458 (equivalent to approximately HK\$45,428,000).

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because 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) The analysis of the fund investments of the Group are as follows:

	2014	2013
	HK\$'000	HK\$'000
At fair value (<i>notes (i), (ii) & (iii)</i>)	367,767	409,868
At cost (<i>note (iv)</i>)	446,353	446,353
	814,120	856,221

- (i) At the end of reporting period, the Group held approximately 418,000 (2013: 500,000) 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 2014 is approximately HK\$149,770,000 (2013: approximately HK\$206,730,000).
- (ii) At the end of reporting period, the Group held approximately 101,000 (2013: 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 2014 is approximately HK\$102,500,000 (2013: approximately HK\$101,349,000).
- (iii) At the end of reporting period, the Group also held approximately 110,000 (2013: 100,000) 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 2014 is approximately HK\$115,497,000 (2013: approximately HK\$101,789,000).
- (iv) At the end of the reporting period, the Group held 125,000 (2013: 125,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the “Private Equity Fund”) and 450,000 (2013: 450,000) non-redeemable, non-voting participating shares of another investment entity incorporated in the Cayman Islands (the “Property Fund”). The carrying values of the investments in the Private Equity Fund and the Property Fund as at 31 December 2014 are approximately HK\$96,928,000 (2013: approximately HK\$96,928,000) and approximately HK\$349,425,000 (2013: approximately HK\$349,425,000) respectively.

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.

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 the US and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Co-operation and Development.

On 29 December 2014, the Group further subscribed and made the payment for new non-redeemable, non-voting participating shares of Private Equity Fund with par value of US\$0.001 each with the subscription monies of US\$52,000,000 (equivalent to approximately HK\$403,578,000). These shares shall rank pari passu with all existing Private Equity Fund shares in issue. Since the additional subscription shares were finally allotted and issued on 2 January 2015. Thus, the payment was classified as prepayment for subscription of available-for-sale investment under non-current assets as at 31 December 2014.

As the equity investments in Private Equity Fund and in Property Fund (Note (iv)) 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.

Those investments as described in Notes (b)(i) to (iv) 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 and does not intend to trade for short-term profit, the directors of the Company designated the unlisted investments as available-for-sale investments.

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 ended 31 December 2014.

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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

For the financial year of the Company ended 31 December 2014 under review, 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:

- (a) Code Provision A.1.1 requires that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, two regular Board meetings and three irregular Board meetings were held. Although the Board

meetings held during the Year were not convened on a quarterly basis, 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;

- (b) Code Provision A.2.7 requires that the chairman of the Board (the “**Chairman**” or the “**Chairman of the Board**”) 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.
- (c) Code Provision A.6.7 requires that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board and a non-executive Director, and Mr. ZHENG Yun, an independent non-executive Director, respectively:
 - (i) Mr. LI Ming was not present at the annual general meeting of the Company held on 25 April 2014 and the two extraordinary general meetings of the Company which were held on 23 December 2014 and 31 December 2014 respectively; and
 - (ii) Mr. ZHENG Yun was not present at the extraordinary general meeting of the Company which was held on 23 December 2014; and
- (d) Code Provision E.1.2 requires that the Chairman of the Board should attend the annual general meeting of the Company. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board, he was not present at the annual general meeting of the Company held on 25 April 2014.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and policies adopted by the Group and the annual results for the year ended 31 December 2014.

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 2014 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 the 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 2014 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

Finally, the Board would like to thank all shareholders of the Company who placed strong confidence in our Group's management. We would also like to thank all our business partners and bank enterprises who supported and stood beside us at all times. Indefinitely, the support from Sino-Ocean Land, our controlling shareholder, will continue to lead our business to move forward and grow.

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

Hong Kong, 6 March 2015

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

Executive Directors:

Mr. SUM Pui Ying
Mr. LI Zhenyu
Mr. LAI Kwok Hung, Alex

Non-executive Directors:

Mr. LI Ming
Mr. LI Hongbo

Independent non-executive Directors:

Mr. LAW Tze Lun
Mr. LO Woon Bor, Henry
Mr. ZHENG Yun