盛洋投资

Gemini Investments (Holdings) Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 174

2013
Annual Report

CONTENTS

Financial Highlights

(HK$'000)	**2013**	2012
Revenue	**186,676**	50,545
Profit before income tax	**43,868**	8,644
Profit for the year	**39,153**	6,645
Profit attributable to owners of the Company	**39,153**	6,645
Earnings per share		
— basic (HK cents)	**8.79**	1.49
— diluted (HK cents)	**8.75**	N/A

(HK$'000)	**2013**	2012
Total assets	**2,121,161**	1,074,616
Equity attributable to owners of the Company	**544,605**	492,554
Cash and cash equivalents	**715,343**	399,244
Net gearing ratio (times)	**1.53**	0.32

Chairman's Statement

On behalf of the Board of Directors (the "**Board**"), I have the pleasure to present the result of Gemini Investments (Holdings) Limited (the "**Company**") and its subsidiaries (together referred to as "**our Group**" or "**We**"/"**we**") for the year ended 31 December 2013 (the "**Year**" or "**2013**").

ANNUAL RESULTS FOR 2013

Profit attributable to owners of the Company recorded approximately HK$39,153,000 for the year ended 31 December 2013, representing an increase of approximately 489% as compared to approximately HK$6,645,000 for the last year. Basic earnings per share increased by approximately 489% to about 8.79 HK cents. The Group's revenue for the Year amounted to approximately HK$186,676,000, representing an increase of approximately 269%. The Board does not recommend any final dividend for the financial year of 2013 and intends to reserve more cash resources for further business development in 2014.

BUSINESS AND STRATEGY REVIEW

To achieve the business objective of growing the investment return by adopting a proactive but prudent approach in our investments, our Group has been performing all our tasks along a path of steady development of our core businesses, as well as capturing further investment opportunities.

Stabilizing performance of our existing investments

Our existing investments mainly comprise property investments in Hong Kong, securities investments in listed equities, and fund investments.

Our Group's investment properties enjoyed a high occupancy rate during the Year. Rental income from the investment properties continued to provide our Group with stable recurrent income. Securities investments also brought steady return to our Group during the Year, as a result of our cautious approach to attain the goal of risk minimization and secure decent return at the same time. Successful exit from a project in Dalian by Sino Prosperity Real Estate Fund L.P., achieved lucrative investment return for our Group during the Year. As for fund investments segment, no revenue has yet been recognised from this segment during the Year. Change in fair value of fund investments, which were recorded as available-for-sale investments, of approximately HK$9,868,000 was recorded in other comprehensive income in 2013.

Strengthening our financial and liquidity position

In May 2013, our Group disposed of a subsidiary which owned certain units in Shui On Plaza in Shanghai for a price of approximately RMB138,311,000. Such disposal reflected our Group's seizing opportunities to realise its property portfolio at good market prices and provided funding for our Group towards other capital projects to capture opportunities with higher return.

In August 2013, to further strengthen our Group's resources, our Group obtained a ten-year subordinated loan of HK$1,000 million (the "Sino-Ocean Land Loan") from Sino-Ocean Land Holdings Limited ("Sino-Ocean Land"), the controlling shareholder of the Company. In January 2014, our Group has renewed an existing HK$500 million bank loan facility for a further term of three years. Those movements altogether strengthened the financial position and liquidity of our Group for any business expansion when appropriate opportunities arise.

Chairman's Statement

Expansion and realignment of management resources

2013 marked the beginning of a transformation journey for our Group. In August 2013, we expanded and realigned our core management along with strategic priorities on focusing its property related business activities from Mainland China to Hong Kong and the overseas markets, in order to build a stronger foundation for our future development and generate value and deliver sustainable returns to shareholders of our Group in the long run.

Diversifying our investment risk and enhancing our rate of return

Our Group is actively and cautiously looking for further investment opportunities, which could enable our Group to diversify its investment risk and further enhance the rate of return through efficient access to a wider variety of investment channels.

Our Group has invested in several investments funds during the Year with an aggregate carrying value of approximately HK$856,221,000 as at 31 December 2013. The investment scope of these funds mainly covers the areas of listed and unlisted securities, derivative contracts, foreign exchange and commodities, and real estates and related investments in developed countries, primarily in the U.S., Europe and Australia. Those investments funds are well managed by investment professionals with experiences and expertise in capital market, real estate and private equity.

In January 2014, our Group has invested in a minority interest in a property development project in Melbourne, Australia, for a total consideration of approximately HK$97,700,000. Such investment has a guaranteed pre-tax return of 8% per annum which enable the Group to control its investment risk exposure.

MARKET REVIEW AND OUTLOOK

During 2013, developed economies in Europe, the U.S. and Japan continued to see progressive recovery in the midst of the ongoing quantitative easing measures. The stabilization of the situation in Europe, steady improvements of the U.S. economy and the large-scale infusion of liquidity by the central bank in Japan, restored investors' confidence and led to gradual recovery of the real estate and security markets globally.

Looking forward to 2014, our Group anticipates that the momentum of improvements of the advanced economies is expected to continue, yet accompanied with low, fragile and uneven growths.

It is optimistic about the U.S. economy on better than expected corporate profile and economic release. The main drive of the US market will be strong corporate profit, sustainable employment and housing market recovery. However, the gradual tapering in the US's quantitative easing policy will still be one of the major events of focus. Even though the impact on interest rate is not expected to be reflected in the near future, such execution of tapering will increase both the volatility of capital flows and the risk of financial market turbulence.

The Eurozone is expected to experience a modest recovery amid an accommodative monetary stance. However the growth is unbalanced among countries, the unemployment rate might remain worryingly high and the inflation keeps at very low level.

The depreciation of Japanese Yen will continue to be the main drive of Japan's economy on aggressive quantitative easing programs. Yet, with the deteriorated customer buying power driven by the disappointing salary increment, the impact on pushing inflation to the 2% target is still questionable and there is potential risk of stagflation if the structural reform fails.

Chairman's Statement

The intention of China's new leaders to implement marketization reforms and control surging local government investments and financing is becoming clear. It is expected that such reform will benefit the economy of China in the long term and achieve a sustainable growth by tackling current economy bottlenecks and unlocking the growth potential. Still, the relative tight liquidity, shrinking social financing scale and more stringent housing loan requirements might heap further downward pressure on the real estate market and infrastructure in the short term.

OTHER MATTERS

Under our realigned management team, our transformation plan has maintained its course and we observe good progress as evidenced by our investment in four investments funds among which two target real estates and related investments in developed countries, primarily in the U.S. and Australia. In January 2014, our Group also invested a direct interest in a property development project in Melbourne, Australia. Our Group will keep looking for investment opportunities in major cities in developed countries that would benefit our Group in terms of both earnings potential and strategic development. Our Group is on the right track and our results are showing that we are laying the foundations for sustainable growth in future years. However, after the realisation of the Group's major PRC investments, which brought an one-off lucrative return in 2013, and since the financial results of our new investments are unlikely to be reflected in short term, our Group will definitely be under much pressure on its operating performance in the coming reporting period. Instead of over emphasizing on short term results, our Group values the balance between the short term and long term interests, which applies to the Company's notion in the capital market as well. We focuse on creating long term value for our shareholders and avoid distraction by fluctuation of stock prices.

Just as every coin has two sides, a recovering but volatile economy brings us more investment opportunities, as well as increasing risks and challenges. With stabilized return, strengthened financial position and diversified assets structures achieved, our Group is confident that we will continue to capture investment opportunities which can provide sustainable growth and returns with the ultimate goal to maximize our shareholders' value in the long term. Building on the existing resources, barring unforeseen circumstances, our Group is confident in meeting its goal and overcoming the future challenges by seizing the opportunities ahead.

APPRECIATION

Finally, on behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to all shareholders, business partners and bank enterprises for their great support, and to the entire staff for their dedicated efforts. Indefinitely, with the support from Sino-Ocean Land, we will make our business continues to move forward and grow.

LI Ming
Honorary Chairman

Hong Kong, 28 February 2014

Management Discussion & Analysis

FINANCIAL REVIEW

Revenue

During 2013, our Group recorded a total revenue of approximately HK$186,676,000 (2012: approximately HK$50,545,000). The rise in revenue was mainly due to increase in sales of gold bullions and management fee income by approximately HK$119,568,000 and HK$15,790,000, respectively.

The following table sets forth our Group's revenue breakdown for 2013 and 2012:

	2013	2012
	HKD'000	HKD'000
Rental revenue	**11,130**	11,855
Dividend income	**5,327**	3,829
Sales of gold bullions	**151,508**	31,940
Management fee income	**18,711**	2,921
	186,676	50,545

Profit attributable to owners of the Company

During 2013, our Group recorded a profit attributable to owners of the Company of approximately HK$39,153,000 (2012: approximately HK$6,645,000). Consequently, our Group recorded basic earnings per share of 8.79 HK cents in 2013 versus 1.49 HK cents in 2012. Significant increase in profit attributable to owners of the Company in 2013 was mainly as a result of the gain on disposal of a wholly-owned subsidiary of the Company of approximately HK$45,667,000 and the share of results of joint ventures of approximately HK$26,714,000, offset by the increase in overall staff costs, taking into account of the share-based compensation cost, of approximately HK$19,579,000 which mainly arose from the amortization of share options granted during the Year and decrease in gain arising from changes in fair value of financial instruments held for trading of approximately HK$12,377,000.

Financial Resources and Liquidity

Total assets and net asset value of our Group as at 31 December 2013 were approximately HK$2,121,161,000 (2012: approximately HK$1,074,616,000) and approximately HK$544,605,000 (2012: approximately HK$492,554,000), respectively.

On 15 August 2013, our Group entered into the Sino-Ocean Land Loan. Such loan will definitely support our future business development.

As at 31 December 2013, our Group recorded total borrowings of approximately HK$1,549,915,000 (as at 31 December 2012, HK$558,497,000), of which approximately HK$549,753,000 will be repayable within one year and the remaining mainly constituted the Sino-Ocean Land Loan which shall be repayable in year 2023. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2013.

As at 31 December 2013, our Group had total cash resources (including bank balances and cash and short-term bank deposits) of approximately HK$715,343,000 (2012: approximately HK$399,244,000) and the current ratio was 1.56 times (2012: 8.10 times). As at 23 January 2014, an existing bank loan facility of HK$500,000,000 of our Group has been renewed prior to the date of its expiry for a further three-year term. We are confident that we have ample financial resources to support our business expansion when appropriate.

In terms of net gearing ratio, calculated as total borrowings less cash resources divided by total shareholders' equity, our Group's net gearing ratio increased from 0.32 times to 1.53 times as at 31 December 2013, which was attributable mainly to the utilization of cash resources from the Sino-Ocean Land Loan.

Financial Guarantees

As at 31 December 2013 and 31 December 2012, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 31 December 2013, our Group did not have any pledged assets.

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

During the Year, our Group's assets and liabilities were mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi. In the view of the potential Renminbi exchange rate fluctuations, our Group will closely monitor the foreign currency exchange risk exposure and will regularly review if any related hedging should be necessary.

OPERATION REVIEW

An analysis of our Group's turnover and contribution to operating result for the Year by our principal activities is set out in Note 5 to the consolidated financial statements of this annual report.

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. Total rental income for 2013 decreased slightly by 6% to approximately HK$11,130,000, while a revaluation gain on the investment properties of approximately HK$334,000 was recorded (2012: approximately HK$465,000).

On 8 February 2013, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire issued share capital in a wholly-owned subsidiary of our Group, which owned certain units in Shui On Plaza in Shanghai (the "**Disposal**"), with a gross floor area of approximately 27,717 square feet for a total consideration of approximately RMB138,311,000 and recognised a gain of approximately HK$45,667,000. Details of the Disposal were disclosed in the circular of the Company dated 8 March 2013.

Management Discussion & Analysis

On 13 June 2013, our Group entered into a sale and purchase agreement with an independent third party for the acquisition of an office premise with a gross floor area of approximately 2,412 square feet in Tower Two Lippo Centre, Hong Kong for a consideration of approximately HK$59,818,000.

As at 31 December 2013, all our investment properties are A-grade office premises in Hong Kong with a total gross floor area of 16,009 square feet. Details of the properties of our Group as at 31 December 2013 are stated below:

Investment property and address	Lot Number	Use	Total gross floor area (square feet)	Our Group's interest %	Government lease expiry
Unit 2310 to 2312 on 23rd Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	3,203	100%	2059 (renewable for a further term of 75 years)
Unit No. 2119 and 2120 of 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Certain parts or shares of and in Inland Lot No.8517	Office	2,930	100%	2055 (renewable for a further term of 75 years)
Unit 3701 on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	2,388	100%	2059 (renewable for a further term of 75 years)
Unit 3702A on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	1,195	100%	2059 (renewable for a further term of 75 years)
Unit No. 2704 and 2705 of 27th Floor, West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Certain parts or shares of and in Inland Lot No.8517	Office	3,881	100%	2055 (renewable for a further term of 75 years)
Unit 3604B on 36th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Certain parts or shares of and in Inland Lot No.8615	Office	2,412	100%	2059 (renewable for a further term of 75 years)

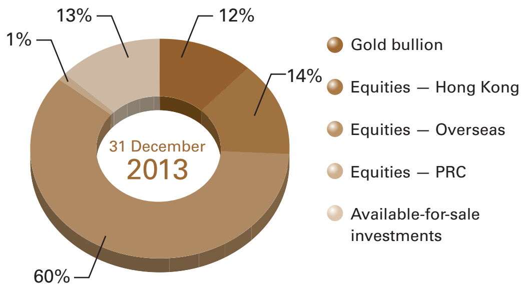
Securities and Other Investments

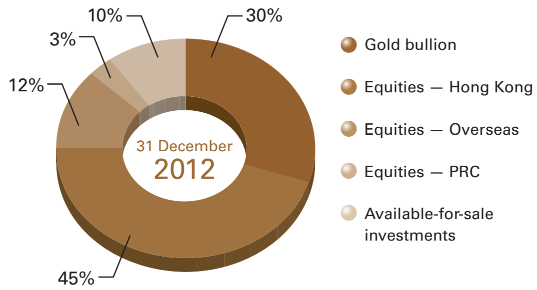
Security investment portfolio formed part of our Group's cash management activities, and the management of our Group is pleased to maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

Our Group recognised a total revenue for the Year of approximately HK$156,835,000 (2012: approximately HK$35,769,000) from securities and other investment which comprises dividend income of approximately HK$5,327,000 (2012: approximately HK$3,829,000) and sales of gold bullions of approximately HK$151,508,000 (2012: approximately HK$31,940,000). Moreover, our Group recorded a gain from changes in fair value of financial instruments held for trading of approximately HK$8,895,000, which include a realised gain of about HK$4,544,000 (2012: about HK$7,181,000) and an unrealised gain of approximately HK$4,351,000 (2012: approximately HK$14,091,000).

An analysis of the securities portfolio of our Group as at 31 December 2013 is as follows:

Carrying Value as at (HKD'000)	**As at 31 December 2013**	As at 31 December 2012
Financial instruments held for trading	**155,214**	156,365
Gold bullion	**25,026**	77,809
Of which: Distribution of financial instruments held for trading		
Equities — Hong Kong	**29,967**	118,039
Equities — Overseas	**123,205**	29,858
Equities — PRC	**2,042**	8,468
Available-for-sale investments		
Equities	**26,328**	25,529





The carrying value of our Group's portfolio of securities and other investments as at 31 December 2013 amounted to approximately HK$206,568,000 (2012: approximately HK$259,703,000). Decrease in the aforesaid carrying value was mainly because we realised profit in last quarter of 2013, so as to reduce our exposure on securities investment.

Subsequent to the year end, on 24 January 2014, our Group entered into a conditional subscription agreement with an independent third party to invest a minority interest with a fixed pre-tax 8% return per annum in a property development project in Melbourne Australia, for an aggregate consideration of about HK$97,700,000.

Management Discussion & Analysis

Fund Investments

The carrying value of our fund investment portfolio as at 31 December 2013 amounted to approximately HK$871,433,000 (2012: approximately HK$10,559,000). During the Year, our Group has further invested in several investment funds (the "New Investment Funds"), with aggregate carrying value amounted to about HK$856,221,000 as at 31 December 2013. Such fund investments will enable our Group to diversify its investment risk and further enhance the rate of return through efficient access to a wider variety of investment channels to which our Group may not have direct access at the material time. It is our Group's objective to grow its investment return by adopting a proactive but prudent approach in its investments. No revenue has yet been recognised from fund investments segment during the Year. Change in fair value of fund investments, which were recorded as available-for-sale investments, of approximately HK$9,868,000 was recognised in other comprehensive income in 2013.

An analysis of the New Investment Funds of our Group as at 31 December 2013 is as follows:

	GlobalActive Fund Limited	**Neutron Fund Limited**	**Neutron Private Equity Fund Limited**	**Neutron Property Fund Limited**	**Total**
Type of investment	Listed stocks and futures	Both listed and unlisted securities, derivative contracts, corporate investments, foreign exchange and commodities	Collective investment scheme(s)	Properties	
Location of investment	Global	Primarily in Asia Pacific	In the U.S., Europe and Australia	Primarily in the U.S.	
Investment approach & industries of investment	Not specified	Fundamental value approach, bottom-up approach, top-down approach and multi-strategy investment approach. Industries of investment not specified.	Achieve capital appreciation through investing in collective investment scheme(s) that invest(s) predominantly in real estate and related investments	Achieve capital appreciation through investing in real estate and related investments	
Initial investment amount	HK$200,000,000 (Note (i))	HK$200,000,000 (Note (ii))	US$12,500,000 (approximately HK$96,928,000) (Note (ii))	US$45,000,000 (approximately HK$349,425,000) (Note (iii))	
Carrying value available-for-sale investments	HK$206,730,000	HK$203,138,000	HK$96,928,000	HK$349,425,000	HK$856,221,000

Notes:

(i) Details of the investment were set out in the circular of the Company dated 26 April 2013.

(ii) Details of the investment were set out in the circular of the Company dated 21 October 2013.

(iii) Details of the investment were set out in the circular of the Company dated 2 December 2013.

Fund Management

Revenue from fund management business of approximately HK$18,711,000 was recorded during the Year (2012: approximately HK$2,921,000). Increase in revenue from fund management business was due to our Group starting to receive revenue from this business segment only from last quarter of 2012.

Our Group recognised a gain of approximately HK$26,714,000 from share of result of joint ventures, which was mainly from dividend distribution from Sino Prosperity Real Estate Fund L.P., on disposal of its interest in a property development project in Dalian, at a consideration of approximately US$103,318,000 in March 2013.

Employees

As at 31 December 2013, the total number of staff employed was 16 (2012: 24). The decrease in the headcount was due to the fact that, after the Disposal during the Year, the scope of our PRC business was further narrowed and accordingly the headcount in our PRC region was reduced. During 2013, taking into account the expense arising from the amortization of share options, the level of our overall staff cost increased from about HK$7,838,000 to about HK$27,417,000 in 2013.

With a view to encouraging and rewarding contribution made by our staff, our Group has adopted a share option scheme (the "**Scheme**") and believes that this will be an effective tool. During 2013, our Group granted 35,400,000 share options under the Scheme to executive and non-executive directors and certain other employees of the Group. Our Group recruits and promotes individuals based on their performance and development potentials in the positions offered. When formulating staff salary and benefit policies, our Group gives primary consideration to their individual performance and prevailing salary levels in the market.

Contingent Liabilities

As at 31 December 2013, our Group had no significant contingent liabilities.

Biographies of Directors

Mr. LI Ming, aged 50, has been appointed as a Non-Executive Director of the Company, the Honorary Chairman of the board of directors of the Company (the "**Board**") and the Chairman of the Nomination Committee of the Board with effect from 9 August 2013. He is currently the Chairman of the board of directors, Chairman of the Nomination Committee and Chairman of the Investment Committee of the board of directors of Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**"), a controlling shareholder of the Company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 3377). Mr. LI joined the group of Sino-Ocean Land as a general manager in July 1997 and became the Chief Executive Officer in August 2006. Mr. LI also serves as the chairman, legal representative, director or general manager of a number of the subsidiaries and project companies of Sino-Ocean Land. With extensive experience in corporate governance, property development and property investment, Mr. LI is primarily responsible for Sino-Ocean Land's overall operation management and implementation of development strategies. Mr. LI obtained a Bachelor's Degree in Motor Vehicle Transportation from the Jilin Industrial University in July 1985 and a Master's Degree in Business Administration from the China Europe International Business School in May 1998. He is also a qualifed senior engineer. Mr. LI is currently a Committee Member of the Beijing Committee of the Chinese People's Political Consultative Conference, a member of the People's Congress of the Chaoyang District of the Beijing Municipality and the vice-president of the China Real Estate Association.

Mr. SUM Pui Ying, Adrian, aged 52, has been appointed as a Non-Executive Director of the Company and Chairman of the Board since 17 March 2011. With effect from 9 August 2013, as part of the realignment of the senior management resources, Mr. SUM has been re-designated as an Executive Director and Chief Executive Officer of the Company. He is currently a member of the Nomination Committee and the Chairman of the Investment Committee of the Board. He is also a director of certain subsidiaries of the Company. Mr. SUM is the Chief Financial Officer and the Company Secretary of Sino-Ocean Land. He joined the group of Sino-Ocean Land in May 2007. With extensive experience in governing companies listed on the Stock Exchange, Mr. SUM is mainly responsible for financial management, company secretarial and compliance affairs, investors relations affairs and assisting in corporate financing and investment management of Sino-Ocean Land and its subsidiaries. He also serves as a director of a number of project companies and subsidiaries of Sino-Ocean Land. Mr. SUM is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England & Wales. Mr. SUM obtained a Professional Diploma in Accounting from the Hong Kong Polytechnic University in 1988, a Master of Business Administration from the University of Wales in 1991 and a Diploma in Legal Studies from the University of Hong Kong in 1996. He is currently a director and Honorary Treasurer of Executive Committee of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

Mr. LI Zhenyu, aged 42, was appointed Executive Director and Chief Executive Officer of the Company on 17 March 2011 and re-designated as Chief Operating Officer on 9 August 2013. He is a member of the Investment Committee of the Board. Mr. LI is also a director of various subsidiaries of the Company. Since May 2007, he has been secretary of the board, joint company secretary, general manager of the secretary administration department, general manager of the investment development department and general manager of the corporate finance division of Sino-Ocean Land. He has also served as a director of a number of project companies and subsidiaries of Sino-Ocean Land. Mr. LI obtained a Bachelor's Degree from the Central University of Finance and Economics in June 1994.

Mr. LAI Kwok Hung, Alex, aged 49, joined the Group as senior finance manager in July 2013 and is responsible for the finance and accounting functions of the Group. He has been appointed as an Executive Director and a member of the Investment Committee of the Board with effect from 9 August 2013. Mr. LAI has over 24 years' solid experience in auditing, accounting, financial advisory and management matters. Mr. LAI is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. He is also an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He obtains a Master degree in Professional Accounting awarded by The Hong Kong Polytechnic University in 2004, a Diploma in Legal Studies awarded by The University of Hong Kong in 2002 and a Bachelor of Arts degree in Accountancy awarded by The City University of Hong Kong in 1993. He is also a member of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

Mr. LI Hongbo, aged 46, was appointed Non-Executive Director of the Company on 22 October 2010. He has been general manager of the finance department of Sino-Ocean Land Limited since 1995, a wholly-owned subsidiary of Sino-Ocean Land. He also serves as a director of a number of project companies and subsidiaries of Sino-Ocean Land. With over 18 years of experience as an accountant, Mr. LI is responsible for monitoring the overall financial management of Sino-Ocean Land in the PRC. Mr. LI obtained a Bachelor of Engineering from Xi'an Highway University (now Chang'an University) in July 1989.

Biographies of Directors

Mr. LAW Tze Lun, aged 42, was appointed Independent Non-Executive Director of the Company on 12 November 2010. He is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Investment Committee and Nomination Committee of the Board. He is a Practicing Certified Public Accountant in Hong Kong and currently a director of ANSA CPA Limited. In 1999, Mr. LAW obtained a Bachelor of Commerce (Accounting) from Curtin University of Technology in Australia through distance learning. Mr. LAW is a Certified Public Accountant (Practicing) of the Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of CPA Australia. He has over 20 years of experience in auditing, accounting and finance gained from various accounting firms in Hong Kong. He has been an independent non-executive director of Come Sure Group (Holdings) Limited (stock code: 794) since February 2009 and National Investments Fund Limited (stock code: 1227) since December 2013, both of which are listed on the Main Board of the Stock Exchange. During the period from April 2010 to September 2011, Mr. LAW served as an independent non-executive director of China Automotive Interior Decoration Holdings Limited (stock code: 8321), which is listed on the GEM Board of the Stock Exchange.

Mr. LO Woon Bor, **Henry**, aged 50, was appointed Independent Non-Executive Director of the Company on 12 November 2010. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Mr. LO is a solicitor and currently the principal of Henry Lo & Co, Solicitors in Hong Kong. He graduated from the University of Hong Kong with a Bachelor of Arts. Mr. LO studied law and passed the Solicitors' Final Examination in the United Kingdom. He was admitted as a solicitor of the Hong Kong Special Administrative Region in 1993 and in England and Wales in 1994. In 1997, Mr. LO obtained a Master of Laws in Chinese and Comparative Law from the City University of Hong Kong. With over 21 years of experience in civil and commercial litigation, Mr. LO has extensive experience in the practice of property law, intellectual property, civil and commercial advice and litigation. He served as an in-house counsel in a listed publication conglomerate from 1998 to 1999. He regularly proffers advice to companies and institutions with regard to civil and commercial subjects and practice. Mr. LO is the Honorary Legal Advisor to The Federation of Parent-Teacher Association Kowloon City District.

Biographies of Directors

Mr. ZHENG Yun, aged 51, was appointed Independent Non-Executive Director of the Company on 12 November 2010. Mr. ZHENG is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Mr. ZHENG acted as investment manager of China KZ High & Technology Co. Ltd., (中國科招高技術有限公司). He was a manager of Innovation Electronics Co. Ltd., Beijing Union (北京友聯創新科貿有限公司) and a minister of the investment and development department of the Tsinghua Science Part Development Center (清華科技園發展中心發展部). From 2003 to 2009, he was manager of the ministry of strategy and investment development department, secretary of the board, assistant to the president, financial controller, director of human resources and vice president of Tuspark Co. Ltd. (啟迪控股股份有限公司). Since August 2009, Mr. ZHENG has been vice president and financial controller of Unisplendour Corporation Limited (紫光股份有限公司) (since 21 June 2012, Mr. ZHENG resigned as the financial controller but continues to act as the vice president of this company), a company listed on the Shenzhen Stock Exchange (stock code: 000938). Mr. ZHENG has over 28 years of experience in management and finance. He obtained a Bachelor of Chemical Engineering from Tsinghua University in 1985 and completed the postgraduate courses of the Technical and Economic Department of Chemical Engineering at the same university in 1988.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "**Directors**" or the "**Board**") of Gemini Investments (Holdings) Limited (the "**Company**") is committed to establish and maintain high standards of corporate governance — the process by which the Company is directed and managed, risks of the Company and its subsidiaries (the "**Group**") are identified and controlled, and accountability to all shareholders of the Company is assured.

This corporate governance report (the "**Corporate Governance Report**") is to outline the major principles of the Company's corporate governance. Shareholders of the Company are encouraged to make their views known to the Group if they have issues with the Company's corporate governance and to directly raise any matters of concern to the chairman of the Board (the "**Chairman**" or the "**Chairman of the Board**").

For the financial year of the Company ended 31 December 2013 (the "**Year**") under review, the Company has complied with the applicable code provisions (the "**Code Provisions**") of the the code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as and when they were/are in force.

BOARD OF DIRECTORS

Board composition

As at 31 December 2013, the Board consisted of a total of eight members, including three executive directors (the "**Executive Directors**"), two non-executive directors (the "**Non-Executive Directors**") whereas one of whom was the Honorary Chairman, and three independent non-executive directors (the "**Independent Non-Executive Directors**"). The name and biographical details of each Director are set out on pages 12 to 15 of this annual report.

The Company convenes at least four regular Board meetings a year and the Directors shall meet more frequently as and when required. At least 14 days' notice of all regular Board meetings is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. A total of six Board meetings and one annual general meeting of the Company (the "**AGM**" which was held on 26 April 2013) were held during the Year. The individual attendance record of each Director at such meetings is tabulated as follows:

	Attended in person	
	Board meetings	AGM
Directors		
Mr. LI Ming (appointed on 9 August 2013) (the Honorary Chairman of the Board)	0/1	—
Mr. SUM Pui Ying (the chief executive officer of the Company (the "**Chief Executive Officer**"))	4/6	1/1
Mr. LI Zhenyu (the chief operating officer of the Company)	5/6	1/1
Mr. LAI Kwok Hung, Alex (appointed on 9 August 2013)	1/1	—
Mr. LI Hongbo	6/6	1/1
Mr. LAW Tze Lun	6/6	1/1
Mr. LO Woon Bor, Henry	6/6	1/1
Mr. ZHENG Yun	6/6	1/1

All the Directors have access to relevant and timely information. They also have access to the advice and services of the company secretary of the Company (the "**Company Secretary**"), who is responsible for providing the Directors with Board papers and related materials. Where queries are raised by the Directors, prompt and full responses will be given if possible.

Should a potential conflict of interest involving a substantial shareholder of the Company or a Director arise, the matter will be discussed in a physical Board meeting, as opposed to being dealt with by a written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

Independent Non-Executive Directors are identified in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the Independent Non-Executive Directors and the roles and functions of the Directors is maintained on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

Corporate Governance Report

Roles and responsibilities

The Board is collectively responsible for promoting the success and interest of the Group through its leadership and supervision. The principal tasks of the Board are to:

— provide entrepreneurial leadership for the Company with a framework of prudent and effective controls which enable risks to be assessed and managed;

— set the Company's strategic aims, ensuring that the necessary financial and human resources are in place for the Company to meet its objectives and review its management performance; and

— set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

The Board approved a schedule of matters reserved for the Board (the "**Schedule**"), which sets out the Board's duties and activities and the matters reserved for its consideration and decisions. The matters that the Board has specifically reserved for its decisions include establishment of the Group's long term objectives and commercial strategy, changes of the Group's corporate structure, approval of material transactions, corporate governance, internal control, and other matters more specifically described in the Schedule.

No event or condition of material uncertainties was found that may cast significant doubt about the Company's ability to continue as a going concern during the Year. The Directors were responsible for the preparation and the true and fair presentation of the financial statements of the Company, in all material respects, in accordance with applicable regulatory requirements.

Skills, knowledge, experience and attributes of Directors

Every Director commits to give sufficient time and attention to the affairs of the Company. The Directors also demonstrate their understanding and commit to high standards of corporate governance. The Executive Directors bring their perspectives to the Board through their deep understanding of the Group's business. The Non-Executive Directors and the Independent Non-Executive Directors contribute their own skills and experience, understanding of local and global economies, and knowledge of capital markets to the Group's business. The Company is responsible for arranging and funding suitable continuous professional development programmes for all Directors to hone and refresh their knowledge and skills.

Division of responsibilities between the Board and management

While the Board is responsible for directing and approving the Group's overall strategies, the Group also has formed strong management teams in its business areas, with authority and responsibility for developing and exercising both operational and non-operational duties. The management team members of the Group have a wide range of skills, knowledge and experience necessary to govern the Group's operations. All management team members are required to report directly to the Chief Executive Officer on a regular basis to report business performance and operational and functional issues of the Group. This will allow the Group's management to allocate resources more efficiently for its decision-making and facilitate its daily operations.

The Board and the Group's management fully appreciate their respective roles and are committed to good corporate governance. The Board is responsible for overseeing the processes by which the management identifies business opportunities and risks. The Board's role is not to manage the day-to-day business operations of the Group, the responsibility of which remains vested in the management.

The Board has set up a formal Schedule for the Board's decisions. Matters which the Board considers suitable for delegation to its committees are contained in the specific terms of reference of its committees. The terms of reference clearly define the powers and responsibilities of the Board committees. In addition, the Board will receive reports and/or recommendations from time to time from the Board committees on any matter significant to the Group.

Induction and training

Each newly appointed Director, executive or non-executive, is required to undertake an induction program to ensure that he has a proper understanding of his duties and responsibilities.

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, the Directors participated in the following continuous professional development activities:

Directors	**Type of trainings** (Note 1)
Mr. LI Ming	a, b
Mr. SUM Pui Ying	a, b
Mr. LI Zhenyu	a, b
Mr. LAI Kwok Hung	a, b
Mr. LI Hongbo	a, b
Mr. LAW Tze Lun	a, b
Mr. LO Woon Bor, Henry	a, b
Mr. ZHENG Yun	a, b

Note 1:

a: attending seminar or training session

b: reading newspapers, journals and updates relating to economy, general business or directors' duties and responsibilities etc.

Corporate Governance Report

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers in respect of legal actions against the Directors and officers. Throughout the Year, no claim had been made against the Directors and the officers of the Company.

Independent advice

The Board and its committees may seek advice from independent professional advisors whenever it considers appropriate. Each Director, with the consent of the Chairman of the Board and/or the chairman of the audit committee, may seek independent professional advice on matters connected with the Company to perform his/her responsibilities, at the Group's expense. No Director had exercised his/her right for independent professional advice during the Year.

Independence of Non-Executive Directors

Three Independent Non-Executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Mr. ZHENG Yun were considered to be independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. The Company has received a written confirmation of independence from each of the Independent Non-Executive Directors. They were free from any business relationship or other circumstances that could materially interfere with the exercise of their independent or objective judgments. Also, the three Independent Non-Executive Directors, representing over one-third of the Board, constituted a proper balance of power maintaining full and effective control of both the Group and its executive management. No Independent Non-Executive Directors have served the Company for more than 9 years.

Relationships and associations among the Directors

There was no relationship between members of the Board (including financial, business, family or other material/relevant relationship(s)).

Chairman and Chief Executive Officer

The Code Provision A.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the Chief Executive Officer should be clearly stated. The Company fully supports such a division of responsibilities between the Chairman and the Chief Executive Officer in order to ensure a balance of power and authority. The positions of the Chairman and the Chief Executive Officer are segregated and were held by Mr. SUM Pui Ying and Mr. LI Zhenyu prior to 9 August 2013 and with effect from 9 August 2013, as a result of the realignment of the senior management resources of the Group, are held by Mr. LI Ming and Mr. SUM Pui Ying respectively. These positions have clearly defined separate responsibilities.

The Chairman of the Board is responsible for leading the Board, and facilitating the business of the Board and the effectiveness of individual Director, both during and outside the Board meetings. The Chairman plays a key role in the development of the Group's strategy and in ensuring management succession. He is also required to ensure that the principles of good corporate governance and processes of the Board meetings are maintained. Throughout the Year, the Chairman encouraged constructive discussions, criticisms or debates among the Directors in the Board meetings and, where appropriate, any matters proposed by any Directors for inclusion in the agenda for the Board meetings. The Chairman set agenda for meetings of the Board and ensured all Directors receiving adequate, accurate, clear, complete and reliable information in a timely manner. The Chairman committed to present the views of the shareholders of the Company to the Board and to represent the Board to communicate with the shareholders. He also facilitated the relationship among the Board members and ensured effective contribution of the Non-Executive Directors to the Board.

The Chief Executive Officer is responsible for leading executive management of the Group. The Board sets limits to the authorities exercisable by the Chief Executive Officer and the Chief Executive Officer remains accountable to the Board within the limits of delegated authorities. The Chief Executive Officer commits to take overall responsibilities for the supervision and the conducts of the Company's business and its ordinary operations, in accordance with the policies, strategies and objectives established by the Group. The Board is responsible for monitoring the performance of the Chief Executive Officer and for ensuring whether the Board's objectives have been attained.

Appointment, re-election and removal

Mr. LI Ming was appointed as a Non-Executive Director and the Honorary Chairman of the Board with effect from 9 August 2013. Mr. LI entered into a service contract with the Company for a fixed term of 2 years commencing from 9 August 2013 until terminated in accordance with the terms of the service contract. Under the terms of the service contract, either party may terminate such contract by giving the other not less than two months' notice in writing. Under the terms of the service contract, Mr. LI's emolument is HK$1 per annum.

Mr. LAI Kwok Hung, Alex, was appointed as an Executive Director of the Company with effect from 9 August 2013. Mr. LAI entered into a service contract with the Company for a fixed term of 2 years commencing from 9 August 2013 until terminated in accordance with the terms of the service contract. Under the terms of the service contract, either party may terminate such contract by giving the other not less than two months' notice in writing. Under the terms of the service contract, Mr. LAI's emolument is HK$180,000 per annum. Apart from remuneration as an Executive Director provided under the service contract, Mr. LAI also receives salary for his position as senior finance manager of the Group in the sum of HK$780,000 per annum.

Corporate Governance Report

As part of the realignment of senior management resources of the Group, Mr. SUM Pui Ying had been re-designated from a Non-Executive Director and the Chairman of the Board to an Executive Director and Chief Executive Officer with effect from 9 August 2013. In connection with such re-designation, Mr. SUM entered into a revised service contract (the "**Revised Service Contract**") with the Company for a fixed term of 3 years commencing from 9 August 2013 subject to early termination as provided in the contract. Under the terms of the Revised Service Contract, Mr. SUM is entitled to terminate the Revised Service Contract by giving a prior written termination notice of not less than 6 months before expiry of its fixed term whilst the Company will be entitled to terminate the Revised Service Contract without cause by payment of termination compensation to Mr. SUM before expiry of its fixed term. Under the terms of the Revised Service Contract, Mr. SUM will be entitled to a fixed salary of HK$3,000,000 per annum and an annual bonus equivalent to 5% of the audited consolidated net profit of the Group after tax for the immediate preceding financial year of the Company with such annual bonus to accrue on a daily basis. The terms of the Revised Service Contract also provide for the grant of options to Mr. SUM to subscribe for a total of 16,000,000 ordinary shares of the Company at an exercise price of HK$0.96 per share. Under the terms of the Revised Service Contract, if the Company decides to terminate the Revised Service Contract without cause before expiry of its fixed term or if Mr. SUM's employment under the Revised Service Contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company, the Company may be required to pay to Mr. SUM a termination compensation equivalent to more than one year's emoluments. Details of the terms of the Revised Service Contract have been disclosed in the circular of the Company dated 23 August 2013.

The current service contract of Mr. LI Zhenyu as an Executive Director expired on 1 January 2014. Therefore, he renewed his service contract with the Company on 2 January 2014. The term of his renewed service contract is for a period of 1 year commencing from 2 January 2014, subject to early termination by either party giving the other not less than two months' prior notice in writing. His remuneration is HK$180,000 per annum.

The current service contract of Mr. LI Hongbo as a Non-Executive Director has a term of 2 years commencing from 2 January 2013, subject to early termination by either party giving the other not less than two months' prior notice in writing. Under the above service contract, the remuneration of Mr. LI Hongbo is HK$180,000 per annum.

Messrs. LAW Tze Lun, LO Woon Bor, Henry and ZHENG Yun, were all appointed as Independent Non-Executive Directors for a term of 3 years commencing from 2 January 2013 pursuant to their current appointment letters with the Company, subject to early termination by either party giving the other not less than one month's prior notice in writing. Under the above appointment letters, the remuneration of each of them is HK$180,000 per annum.

All Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to the Articles of Association of the Company (the "**Articles**").

Both Mr. LI Zhenyu and Mr. ZHENG Yun, being two of the Directors who have been longest in office since their last election, will retire from office of the Board by rotation at the forthcoming AGM and offer themselves for re-election.

Pursuant to Article 99 of the Articles, Mr. LI Ming and Mr. LAI Kwok Hung, Alex who were appointed as additions to the Board on 9 August 2013 are also subject to re-election at the forthcoming AGM.

BOARD COMMITTEES

The Board has set up four board committees, namely, the audit committee, the remuneration committee, the nomination committee and the investment committee (collectively the "**Board Committees**"), for overseeing particular aspects of the Company's affairs. The table below provides membership information of these committees on which each Board member serves.

Board Committee	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Investment Committee**
Directors				
Mr. LI Ming (NED)	—	—	C	—
Mr. SUM Pui Ying (ED)	—	—	M	C
Mr. LI Zhenyu (ED)	—	—	—	M
Mr. LAI Kwok Hung (ED)	—	—	—	M
Mr. LAW Tze Lun (INED)	C	C	M	M
Mr. LO Woon Bor, Henry (INED)	M	M	M	—
Mr. ZHENG Yun (INED)	M	M	M	—

Notes:

C	Chairman of the relevant Board committee
M	Member of the relevant Board committee
ED	Executive Director
NED	Non-Executive Director
INED	Independent Non-Executive Director

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The attendance of each individual committee member at the Board Committee meetings held during the Year is summarised below.

	Number of meeting attended/held			
	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee
Mr. LI Ming *(appointed on 9 August 2013)*	—	—	— (Note 1)	—
Mr. SUM Pui Ying	—	—	1/2	1/1
Mr. LI Zhenyu	—	—	—	1/1
Mr. LAI Kwok Hung, Alex *(appointed on 9 August 2013)*	—	—	—	— (Note 2)
Mr. LAW Tze Lun	2/2	2/2	2/2	1/1
Mr. LO Woon Bor, Henry	2/2	2/2	2/2	—
Mr. ZHEN Yun	2/2	2/2	2/2	—

Notes:

1. No Nomination Committee meeting was held during his tenure.
2. No Investment Committee meeting was held during his tenure.

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") meets formally at least once a year.

Two Nomination Committee meetings were held during the Year. The following is a summary of the work performed by the Nomination Committee during the Year:

(a) reviewing and evaluating the composition of the Board with reference to certain criteria. These criteria included qualifications required under the Listing Rules or any other relevant laws regarding characteristics and skills of the Directors, professional ethics and integrity, appropriate professional knowledge and industry experience, as well as ability to devote sufficient time to the work of the Board and its committees and to participate in all Board meetings and shareholders' meetings;

(b) reviewing and recommending the re-appointment of the retiring Directors, appointment of Directors and re-designation of a Director;

(c) assessing independence of the Independent Non-Executive Directors; and

(d) recommending the adoption of board diversity policy.

According to the written terms of reference of the Nomination Committee, the major responsibilities of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of the Independent Non-Executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive Officer.

As the Company recognises that having a board diversity policy can enhance the quality of its performance, under the recommendation of the Nomination Committee, the Board adopted a board diversity policy in compliance with Code Provision A.5.6 of the CG Code. Pursuant to the board diversity policy of the Company, in designing the Board's composition so as to achieve board diversity, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidates will be taken into account. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Remuneration committee

The remuneration committee of the Board (the "**Remuneration Committee**") had met twice during the Year. Its primary objective is to ensure that the Company can recruit, retain and motivate high-calibre staff in order to reinforce the success of the Company and create value for its shareholders.

Roles and functions

According to the written terms of reference of the Remuneration Committee, the Remuneration Committee has adopted the model to make recommendations to the Board on the remuneration packages of individual Executive Director(s) and senior officers including benefits in kind, pension rights and compensation payment comprising any compensation payable for loss or termination of their office or appointment. It also makes recommendations to the Board on the remuneration of Non-Executive Directors. Its principal role is to assist the Board to oversee the policy and structure of the remuneration of the Executive Director(s) of the Company and senior officers of the Group.

The following is a summary of work performed by the Remuneration Committee during the Year:

(a) formulating and recommending the policy and structure of the remuneration of the Directors and senior officers of the Group to the Board;

(b) assessing individual performance of the Directors and senior officers of the Group;

(c) reviewing specific remuneration packages of the Directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances; and

(d) reviewing and making recommendations to the Board on compensation-related issues.

Principles of remuneration policy

The principles of the Group's remuneration policy:

— were applied to all Directors and senior officers of the Group for the Year and, so far as practicable, shall be applied to them for subsequent years;

— were sufficiently flexible taking into account future changes in the Company's business environment and remuneration practice;

— allowed remuneration arrangement to be designed to support the business strategy of the Group and to align with the interests of the Group's shareholders;

— aimed at setting appropriate reward levels to reflect the competitiveness in the market in which comparable companies and the Group had been operating during the Year so as to retain individuals with outstanding performance;

— maintained performance-related remuneration basis for the Executive Directors and senior officers of the Group; and

— required that performance-related remuneration be subject to satisfactory performance over short and long term targets, and the targets be set and assessed in the context of the Group's prospects, the prevailing economic environment in which it operates and the relative performance of comparable companies.

Remuneration structure

Under the above remuneration policy, the remuneration package of each Executive Director and senior officer of the Group during the Year was structured to include:

— an appropriate rate of base compensation for the job of each Executive Director and senior officer of the Group;

— competitive benefit programs; and

— sets of performance measures and targets for performance-related annual and long-term incentive plans based on the appropriate independent advice and/or an assessment of the interests of shareholders of the Company and taking into account an appropriate balance of risk and reward for the Directors and other participants.

Audit Committee

The Audit Committee consisted of three Independent Non-Executive Directors, namely Mr. LAW Tze Lun, Mr. LO Woon Bor, Henry and Mr. ZHENG Yun. Mr. LAW Tze Lun has the appropriate professional accounting qualification and served as the chairman of the Audit Committee during the Year.

The audit committee of the Board had met twice during the Year. The external auditors, the Executive Directors and the Group's finance manager were invited to attend these two Audit Committee's meetings.

The Audit Committee is provided with sufficient resources to perform its duties. Latest terms of reference of the Audit Committee can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

The major roles of the Audit Committee include the following:

(a) to act as the key representative body for overseeing the relationship with the external auditors;

(b) to review the Company's annual and interim financial statements; and

(c) to evaluate the effectiveness of the Group's internal control and risk management systems.

During the Year, the Audit Committee had performed the following work (in summary):

— The Audit Committee assisted the Board in assuring the integrity of the Company's financial statements. It evaluated and made recommendations to the Board about the appropriateness of accounting policies and practices, areas of judgment, compliance with Hong Kong Financial Reporting Standards and other legal requirements, and the results of external audit. It reviewed interim and annual financial statements of the Company, reported its work and findings to the Board and made recommendations on specific actions or decision for the Board to consider after each Audit Committee's meeting. Minutes of the Audit Committee's meetings were kept by the Company Secretary and made available to all Directors.

— The Audit Committee also managed the relationship with the external auditors on behalf of the Board. It made recommendation to the Board on the appointment of the external auditors and the relevant terms of engagement, including remuneration. The Audit Committee was required to review the integrity, independence and objectivity of the external auditors. Also, it examined the external auditors' independence including its engagement of non-audit services. Based on the review of the Audit Committee, the Board was satisfied that the external auditors were independent. The external auditors had also expressed an opinion on their reporting responsibilities in the "Independent Auditor's Report" set out on pages 49 to 50 of this annual report.

— The Audit Committee was required to ensure that the system of internal control of the Group was in place for identifying and managing risks. The Audit Committee had reviewed the effectiveness of internal controls for the Year. Such review covered financial, operational and compliance controls and risk assessment of the Group. The Board was satisfied that the effectiveness of the internal controls of the Group had been properly reviewed by the Audit Committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties as required under the CG Code:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior officers of the Group;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the codes of conduct applicable to employees and the Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the Year, the Board considered the following corporate governance matters:

— review of the compliance with the CG Code; and

— review of the effectiveness of the internal controls and risk management systems of the Group through the Audit Committee.

INTERNAL CONTROLS

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' interests and assets of the Group. Each year the Board through the Audit Committee reviews the effectiveness of the Group's system of internal controls and reports the results of the review to the shareholders.

This annual review typically covers all material controls, including financial, operational and compliance controls and risk management functions, and considers the adequacy of resources, qualification and experience of staff, training programmes and budget of the Company's accounting and financial reporting function.

During the Year, the Board has through the Audit Committee reviewed the effectiveness of the internal control system of the Group and considered such internal control system effective and adequate. Also, the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size and nature of the Group's business. The situation will be reviewed from time to time.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under the CG Code.

(a) Convening a general meeting on requisition by shareholders of the Company

Shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can submit a written request to the Company to call a general meeting pursuant to section 566 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The written request must:

(a) state the general nature of the business to be dealt with at the meeting; and

(b) be authenticated by the shareholder(s) making the request.

The written request may include the text of a resolution that may properly be moved and is intended to be moved at the meeting, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at that general meeting.

The shareholder(s) of the Company can send the written request to the Company's registered office at Suite 3902, 39/F., Lippo Centre Tower 1, 89 Queensway, Hong Kong for the attention of the Company Secretary.

If the Directors do not within 21 days from the date of the deposit of the written request proceed to call a general meeting for a day not more than 28 days after the date of the notice convening the general meeting, the shareholder(s) who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting, but any such general meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call the general meeting.

(b) Procedures for directing shareholders' enquiries to the Board

Shareholders can put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company at Suite 3902, 39/F., Lippo Centre Tower 1, 89 Queensway, Hong Kong, for the attention of the Company Secretary.

(c) Moving a resolution at an AGM

Shareholder(s) of the Company can submit a written request to move a resolution at an AGM of the Company pursuant to Section 615 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) if:

(a) they represent at least 2.5% of the total voting rights of all shareholders of the Company having a right to vote at the AGM; or

(b) the number of such shareholders represent at least 50 shareholders who have a right to vote at the AGM.

The written request must:

(a) state the resolution, which may be accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the AGM; and

(b) be authenticated by the shareholder(s) making the request.

The written request can be sent to the Company's registered office at Suite 3902, 39/F., Lippo Centre Tower 1, 89 Queensway, Hong Kong for the attention of the Company Secretary, and it must be received by the Company not later than 6 weeks before the AGM or if later, the time at which notice is given of that AGM.

(d) Proposing Directors for election at general meetings

In respect of proposing a person for election as a director of the Company at general meetings, please refer to the procedures available on the website of the Company at www.geminiinvestments.com.hk.

Constitutional documents

During the Year, there had been no significant change to the Company's constitutional documents.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibilities for the preparation of the financial statements of the Company for each financial year, which should give a true and fair view of the state of affairs, results and cash flow of the Group for that year in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the Year, the Directors adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations.

The financial statements for the Year have been prepared by the Directors on a going concern basis. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. A statement by the external auditors of the Company regarding their reporting responsibilities on the accounts of the Group is set out in the "Independent Auditor's Report" on pages 49 to 50 in this annual report.

Auditors' Remuneration

The Board, based on the recommendation of its Audit Committee, approved the appointment of Messrs. BDO Limited ("**BDO**") as the Group's external auditor to perform audit services for the Group for the Year. BDO has been appointed as the external auditor of the Group on 30 April 2012 since Messrs. Deloitte Touche Tohmatsu was retired as the Group's external auditors on the same date.

During the Year, total fees paid to BDO amounted to HK$980,000, of which HK$450,000, or approximately 46%, were fees for non-audit services. Details of such non-audit services and the related amount are as follows.

Review of interim financial information for the six months ended 30 June 2013	HK$240,000
Annual review of continuing connected transaction	HK$10,000
Issuance of statement of working capital sufficiency	HK$200,000

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

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

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

GEMINI INVESTMENTS (HOLDINGS) LIMITED (THE "COMPANY")

It is the pleasure of the directors of the Company (the "**Directors**" or the "**Board**") to present to the shareholders their report (the "**Directors' Report**") and the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 (the "**Year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group has been engaged in its principal activities in property investments, securities and other investments, fund investments and fund management business. The principal activities of its subsidiaries are set out in Note 40 to the consolidated financial statements of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated income statement of the Group on page 51 of this annual report.

The Board did not recommend the payment of a final dividend for the Year.

INVESTMENT PROPERTIES

All of the investment properties of the Group were revalued at 31 December 2013, as set out in Note 16 to the consolidated financial statements of the Group.

Particulars of the investment properties of the Group as at 31 December 2013 are set out in the section headed "Operation Review — Property Investment" in "Management Discussion & Analysis" to this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the Year are set out in Note 17 to the consolidated financial statements of the Group.

RESERVES

As at 31 December 2013, the Company's reserves available for distribution to its shareholders comprised the retained profits of HK$273,588,000 (2012: of HK$223,834,000).

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves are set out in Note 29 to the consolidated financial statements of the Group.

Directors' Report

DIRECTORS

The Directors of the Company during the Year and up to the date of this Directors' Report were/are:

LI Ming (NED) (Honorary Chairman) *(appointed on 9 August 2013)*
SUM Pui Ying (ED) (Chief Executive Officer)
LI Zhenyu (ED) (Chief Operating Officer)
LAI Kwok Hung, Alex (ED) *(appointed on 9 August 2013)*
LI Hongbo (NED)
LAW Tze Lun (INED)
LO Woon Bor, Henry (INED)
ZHENG Yun (INED)

Notes:

ED	Executive Director
NED	Non-Executive Director
INED	Independent Non-Executive Director

In accordance with Article 116 of the Company's articles of association (the "**Articles of Association**"), at each annual general meeting (the "**AGM**") of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office such that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Therefore, Messrs. LI Zhenyu and ZHENG Yun, being two of the Directors who have been longest in office since their last election, will retire from office of the Board by rotation at the forthcoming AGM, and, being eligible, offer themselves for re-election.

In accordance with Article 99 of the Articles of Association, any Director so appointed as an addition to the Board shall hold office until the next following annual general meeting of the Company. Therefore, Messrs, LI Ming and LAI Kwok Hung, Alex, will retire from office of the Board at the forthcoming AGM, and being eligible, offer themselves for re-election.

The Company has received an annual confirmation from each of the Independent Non-Executive Directors with regard to their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and considers that each of the Independent Non-Executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Except for the service contract for Mr. SUM as disclosed in the paragraph headed "Appointment, re-election and removal" in the Corporate Governance report, which has a fixed period of 3 years commencing from 9 August 2013 and ending on 8 August 2016, no other Director (including any Director proposed for re-election at the forthcoming AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the transactions as disclosed in the sections headed "Continuing Disclosure Requirements Under Rule 13.21 of Chapter 13 of the Listing Rules" and "Continuing Connected Transactions" below and the related party transactions as disclosed in Note 35 to the consolidated financial statements of the Group, no other contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries is a party, and in which any Director had a material interest (whether directly or indirectly) or to which the controlling shareholder of the Company or any of its subsidiaries is a party, subsisted at the end of the year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors has an interest in any business constituting a competing business to the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the underlying shares of equity derivatives of the Company

Under the share option scheme of the Company (whose details are further described in the section headed "Share Option Scheme" below), share options were granted to the following Directors which entitled them to subscribe for shares of the Company (the "**Shares**"). Accordingly, they were regarded as interested in the underlying shares of the Company. Details of the share options of the Company held by them as at 31 December 2013 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of shares over which options are exercisable as at 31 December 2013	Exercise price per share HK$	Approximate percentage of interest in the issued share capital of the Company as at 31 December 2013
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.90%
SUM Pui Ying	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	2,000,000 (L)	1.40	0.45%
		9 August 2013	9 August 2013 — 22 June 2021	16,000,000 (L) (Note 1)	0.96	3.59%
				Total: 18,000,000 (L)		**4.04%**
LI Zhenyu	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	4,000,000 (L)	1.40	0.90%
		9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.67%
				Total: 7,000,000 (L)		**1.57%**
LAI Kwok Hung, Alex	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.67%
LI Hongbo	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	2,000,000 (L)	0.96	0.45%

Notes:

1. These share options were granted to Mr. SUM Pui Ying pursuant to the terms of a revised service contract entered into between Mr. SUM Pui Ying and the Company on 9 August 2013. Share options granted to Mr. SUM Pui Ying to subscribe for a total of 4,000,000 Shares had already been vested. The share options to subscribe for the remaining 12,000,000 Shares (the "**Remaining Options**") will be vested on the basis that one third of the Remaining Options will be vested on the first, second and third anniversaries of 9 August 2013 (being the date of commencement of the term of the revised service contract), such that the Remaining Options will be fully vested on 9 August 2016, provided however that all those Remaining Options, to the extent not yet vested in accordance with the above schedule, shall become vested immediately if (i) the revised service contract is terminated by the Company without cause by payment of termination compensation to Mr. SUM Pui Ying or (ii) the employment of Mr. SUM Pui Ying under the revised service contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company.

2. The letter "**L**" denotes a long position in the Shares.

Long position in the shares of associated corporation(s) of the Company

As at 31 December 2013, the interests of the Directors in the shares of Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**") (being the associated corporation of the Company) were as follows:

Name of Directors	Capacity	Number of shares in Sino-Ocean Land	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2013
LI Ming	Beneficial owner	3,000,000 (L)	0.041%
	Founder of discretionary trust	127,951,178 (L) (Note 1)	1.757%
	Beneficiary of trust	2,087,645 (L) (Note 2)	0.029%
		Total: 133,038,823 (L)	**1.827%**
SUM Pui Ying	Beneficial owner	1,693,010 (L)	0.023%
LI Zhenyu	Beneficial owner	247,530 (L)	0.003%
LI Hongbo	Beneficial owner	5 (L)	0.0000001%

Notes:

1. The 127,951,178 shares in Sino-Ocean Land are held by a discretionary trust of which Mr. LI Ming is a founder.

2. The 2,087,645 shares in Sino-Ocean Land are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

3. The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

Long position in the underlying shares of equity derivatives of associated corporation(s) of the Company

Sino-Ocean Land has adopted two schemes for the benefits of eligible directors and employees of Sino-Ocean Land and its subsidiaries (which include the Company and its subsidiaries) (the "**Sino-Ocean Land Group**") in order to provide an incentive for directors and employees of the Sino-Ocean Land Group.

One of the schemes is the restricted share award scheme adopted by Sino-Ocean Land on 22 March 2010 (the "**Adoption Date**") as an incentive to retain and encourage the employees of the Sino-Ocean Land Group for the continual operation and development of the Sino-Ocean Land Group. Pursuant to the restricted share award scheme, shares up to 3% of the issued share capital of Sino-Ocean Land as at the Adoption Date shall be purchased by the trustee from the market out of cash contributed by the Sino-Ocean Land Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the restricted share award scheme.

The other scheme is the share option scheme of Sino-Ocean Land, which is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated earlier in accordance with the provisions of such share option scheme. This scheme was adopted for the purpose of providing an incentive for employees of the Sino-Ocean Land Group to work with commitment towards enhancing the value of Sino-Ocean Land and to compensate employees of the Sino-Ocean Land Group for their contribution based on their individual performance. Under the share option scheme of Sino-Ocean Land, share options may be granted to eligible directors and employees of the Sino-Ocean Land Group to subscribe for new shares in Sino-Ocean Land.

In respect of the restricted share award scheme of Sino-Ocean Land, the following Directors were granted certain share awards under the restricted share award scheme and were accordingly regarded as having an interest in the shares of Sino-Ocean Land (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of share awards held by them as at 31 December 2013 were as follows:

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean Land awarded but not yet vested as at 31 December 2013	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2013
LI Ming	Beneficial owner	18 March 2011	166,965 (L)	0.002%
		18 March 2013	2,572,000 (L)	0.035%
			Total: 2,738,965 (L)	**0.038%**
SUM Pui Ying	Beneficial owner	18 March 2011	56,190 (L)	0.001%
		18 March 2013	866,000 (L)	0.012%
			Total: 922,190 (L)	**0.013%**

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean Land awarded but not yet vested as at 31 December 2013	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2013
LI Zhenyu	Beneficial owner	18 March 2011	20,070 (L)	0.0003%
		18 March 2013	216,000 (L)	0.003%
			Total: 236,070 (L)	**0.003%**
LI Hongbo	Beneficial owner	18 March 2011	28,095 (L)	0.0004%
		18 March 2013	314,000 (L)	0.004%
			Total: 342,095 (L)	**0.005%**

Note: The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

Regarding the share option scheme adopted by Sino-Ocean Land, the following Directors had been granted share options to subscribe for shares in Sino-Ocean Land and were accordingly regarded as interested in the underlying shares of Sino-Ocean Land (being the associated corporation of the Company) pursuant to the provisions of the SFO. Details of the share options of Sino-Ocean Land held by them as at 31 December 2013 were as follows:-

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 4)	Number of shares in Sino-Ocean Land over which options are exercisable as at 31 December 2013	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 31 December 2013 relative to the issued share capital of Sino-Ocean Land as at 31 December 2013
LI Ming	Beneficial owner	30 July 2009	(Note 1)	4,280,000 (L)	8.59	0.059%
		12 January 2012	(Note 3)	6,280,000 (L)	3.57	0.086%
				Total: 10,560,000 (L)		**0.145%**
SUM Pui Ying	Beneficial owner	30 July 2009	(Note 1)	800,000 (L)	8.59	0.011%
		5 October 2009	(Note 2)	630,000 (L)	7.11	0.009%
		12 January 2012	(Note 3)	2,330,000 (L)	3.57	0.032%
				Total: 3,760,000 (L)		**0.052%**

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 4)	Number of shares in Sino-Ocean Land over which options are exercisable as at 31 December 2013	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 31 December 2013 relative to the issued share capital of Sino-Ocean Land as at 31 December 2013
LI Zhenyu	Beneficial owner	30 July 2009	(Note 1)	300,000 (L)	8.59	0.004%
		5 October 2009	(Note 2)	270,000 (L)	7.11	0.004%
		12 January 2012	(Note 3)	1,170,000 (L)	3.57	0.016%
				Total: 1,740,000 (L)		**0.024%**
LI Hongbo	Beneficial owner	30 July 2009	(Note 1)	250,000 (L)	8.59	0.003%
		5 October 2009	(Note 2)	200,000 (L)	7.11	0.003%
		12 January 2012	(Note 3)	726,000 (L)	3.57	0.010%
				Total: 1,176,000 (L)		**0.016%**

Notes:

1. Exercisable from 30 July 2010 to 29 July 2014.

2. Exercisable from 5 October 2010 to 4 October 2014.

3. Exercisable from 12 January 2013 to 11 January 2017.

4. All the above share options of Sino-Ocean Land granted are exercisable within a five-year period in which 40% of the options become exercisable 1 year from the grant date; 70% of the options become exercisable 2 years from the grant date; and all options become exercisable 3 years from the grant date.

5. The letter "**L**" denotes a long position in the shares in Sino-Ocean Land.

As at 31 December 2013, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

At an extraordinary general meeting (the "**EGM**") of the Company held on 23 June 2011, a share option scheme (the "**Share Option Scheme**") of the Company was approved by the shareholders of the Company. Subject to early termination by the Company in its general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the Share Option Scheme (which was in our case 23 June 2011) and will remain in force until 22 June 2021.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the employees (whether full-time or part-time) of each member of the Group (the "**Participants**") and for such other purposes as the Board may approve from time to time. The Board may from time to time grant options under the Share Option Scheme to the Participants to subscribe for new shares in the issued share capital of the Company. In determining the basis of eligibility of each Participant, the Board may have absolute discretion to determine whether or not one falls within the meaning of Participants and would take into account such factors as it considers appropriate.

Certain principal terms of the Share Option Scheme are summarized as follows:

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at 16 September 2013 (being the date of the EGM on which the Share Option Scheme limit was refreshed and approved by the shareholders of the Company), such 10% being equivalent to 44,550,000 shares of the Company. As at the date of this Directors' Report, options for the subscription of 44,550,000 shares of the Company (representing 10% of the issued share capital of the Company as at 31 December 2013 and 10% of the issued share capital of the Company as at the date of this Directors' Report) are available for issue under the Share Option Scheme.

In addition, the maximum aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the issued share capital of the Company from time to time.

Unless there is prior approval from the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a Participant would result in excess of such limit, such further grant must be subject to the approval of the Company's shareholders at general meeting with such Participant and his associates abstaining from voting.

All offers of the share options under the Share Option Scheme shall remain open for acceptance by the Participants concerned for a period of not less than 10 business days from the date of offer of the option (the "**Offer Date**"), and acceptance of such offers shall be accompanied by a payment of HK$1.00 to the Company within the aforesaid 10 business-day period as consideration for the grant of such option. Options may be exercised by the Participants at any time during a period to be notified by the Board to each grantee at the time of offer of the share options which period shall not be more than 10 years from the date of grant of the options. Unless otherwise determined by the Board, there is no general requirement on the minimum period for which an option must be held before the option can be exercised.

The subscription price in respect of each share of the Company issued pursuant to the exercise of options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to the Participants and shall be at least the higher of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the Offer Date, which must be a business day; or (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the Offer Date.

Details of share options movements under the Share Option Scheme during the Year were summarized as follows:

			Number of shares of the Company over which options are exercisable						
	Date of grant	Exercise price per share HK$	Balance as at 1 January 2013 (Note)	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Balance as at 31 December 2013	Exercise period
Name of Directors									
LI Ming	9 August 2013	0.96	–	4,000,000(L) (Note 2)	–	–	–	4,000,000(L)	9 August 2013 – 22 June 2021
SUM Pui Ying	26 August 2011	1.40	2,000,000(L)	–	–	–	–	2,000,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	–	16,000,000(L) (Note 1) (Note 2)	–	–	–	16,000,000(L) (Note 1)	9 August 2013 – 22 June 2021
LI Zhenyu	26 August 2011	1.40	4,000,000(L)	–	–	–	–	4,000,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	–	3,000,000(L) (Note 2)	–	–	–	3,000,000(L)	9 August 2013 – 22 June 2021
LI Hongbo	9 August 2013	0.96		2,000,000(L) (Note 2)	–	–	–	2,000,000(L)	9 August 2013 – 22 June 2021
LAI Kwok Hung Alex	9 August 2013	0.96	–	3,000,000(L) (Note 2)	–	–	–	3,000,000(L)	9 August 2013 – 22 June 2021
Employees of the Group	26 August 2011	1.40	3,600,000(L)	–	–	–	–	3,600,000(L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96		7,400,000(L) (Note 2)				7,400,000(L)	9 August 2013 – 22 June 2021
Total			9,600,000(L)	35,400,000(L)	–	–	–	45,000,000(L)	

Notes:

1. These share options were granted to Mr. SUM Pui Ying pursuant to the terms of a revised service contract. Share options granted to Mr. SUM Pui Ying to subscribe for a total of 4,000,000 Shares had already been vested. The share options to subscribe for the remaining 12,000,000 Shares (the "**Remaining Options**") will be vested on the basis that one third of the Remaining Options will be vested on the first, second and third anniversaries of 9 August 2013 (being the date of commencement of the term of the revised service contract), such that the Remaining Options will be fully vested on 9 August 2016, provided however that all those Remaining Options, to the extent not yet vested in accordance with the above schedule, shall become vested immediately if (i) the revised service contract is terminated by the Company without cause by payment of termination compensation to Mr. SUM Pui Ying or (ii) the employment of Mr. SUM Pui Ying under the revised service contract lapses automatically by reason of his not being re-elected as a Director at any general meeting of the Company.

2. All these share options were granted on 9 August 2013. The closing price of the Shares on 9 August 2013 is HK$0.96 per Share.

3. The letter "**L**" denotes a long position in the Shares.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests in the Securities of the Company and its Associated Corporations" and in the section headed "Share Option Scheme" above:

(a) at no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and

(b) none of the Directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31 December 2013, so far as is known to any Director or chief executive of the Company, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares in respect of equity derivatives of the Company as recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

The letter "**L**" denotes a long position in the shares of the Company.

Name of shareholder	Nature of Interest and capacity	Number of shares of the Company	Approximate percentage of interest in the issued share capital of the Company as at 31 December 2013
Sino-Ocean Land Holdings Limited (Note)	Interest of controlled corporation	312,504,625(L)	70.15%
Shine Wind Development Limited (Note)	Interest of controlled corporation	312,504,625(L)	70.15%
Faith Ocean International Limited (Note)	Interest of controlled corporation	312,504,625(L)	70.15%
Sino-Ocean Land (Hong Kong) Limited (Note)	Interest of controlled corporation	312,504,625(L)	70.15%
Grand Beauty Management Limited (Note)	Beneficial owner	312,504,625(L)	70.15%

Note: The 312,504,625 shares of the Company were beneficially owned by Grand Beauty Management Limited, which was wholly owned by Sino-Ocean Land (Hong Kong) Limited. Sino-Ocean Land (Hong Kong) Limited was wholly owned by Faith Ocean International Limited which in turn was wholly owned by Shine Wind Development Limited. Shine Wind Development Limited was wholly owned by Sino-Ocean Land Holdings Limited.

Save as disclosed herein, as at 31 December 2013, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares in respect of equity derivatives of the Company which had been recorded in the register of substantial shareholders required to be kept under Section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the issued share capital of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate turnover attributable to the Group's five largest customers was approximately 11.94% of the Group's total turnover. The Group's principal businesses are property investments, securities and other investments, fund investments and fund management business, and so the Group did not have five largest suppliers during the Year.

To the best knowledge of the Directors, none of the Directors, their associates or any shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in any of the Group's five largest customers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

A facility agreement dated 1 August 2011 (the "**Facility Agreement**") was entered into between the Company (as borrower), Sino-Ocean Land (a controlling shareholder of the Company, as guarantor) and DBS Bank Ltd., Hong Kong Branch (as lender) (the "**Lender**") in respect of the term loan facility in the principal amount of HK$500,000,000 granted to the Company for a term of 36 months after the date of the Facility Agreement.

Pursuant to the Facility Agreement, each of the Company and Sino-Ocean Land shall ensure that Sino-Ocean Land shall at all times remain the single largest shareholder (direct or indirect) of not less than 30% shareholding in the Company and maintain control over the Company, failure of which will become an event of default. In the case of an event of default, the Lender may, by notice to the Company, (a) cancel the commitment or any part of the commitment; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans, together with accrued interest, and all or any other amounts accrued or outstanding under the finance documents be payable on demand; and/or (d) exercise any or all of its rights, remedies, powers or discretions under the finance documents.

The Facility Agreement has been renewed prior to the date of its expiry and the new facility agreement dated 23 January 2014 was entered into between the Company, Sino-Ocean Land and the Lender, whereby a renewed term loan facility in the principal amount of HK$500 million had been granted to the Company for a term of 36 months after the date of such facility agreement (the "**New Facility Agreement**"). Pursuant to the New Facility Agreement, each of the Company and Sino-Ocean Land shall ensure that Sino-Ocean Land shall at all times remain the single largest shareholder (direct or indirect) of not less than 30% shareholdings in the Company and maintain control over the Company, and a failure to do so will be deemed an event of default under the New Facility Agreement.

CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreements

盛洋(北京)投資顧問有限公司 (Gemini (Beijing) Investment Consulting Co., Ltd*) (the "**Tenant**"), an indirectly wholly-owned subsidiary of the Company, entered into a tenancy agreement on 3 December 2012 (the "**Existing Tenancy Agreement**") with 遠洋地產有限公司北京房地產經營管理分公司(Sino-Ocean Land Limited Beijing Property Operating Management Branch*) (the "**Landlord**"), a branch of 遠洋地產有限公司(Sino Ocean Land Limited*) ("**Sino-Ocean Subsidiary**") which is an indirectly wholly-owned subsidiary of Sino-Ocean Land in respect of a premise which is situate at 中華人民共和國北京市朝陽區東四環中路56號遠洋國際中心A座23層2306單元 (Unit 2306, 23rd Floor, Tower A, Sino-Ocean International Centre, No.56 Middle East 4th Ring Road, Chaoyang District, Beijing, the People's Republic of China*) (the "**PRC Premise**"). Pursuant to the Existing Tenancy Agreement, the Landlord shall lease the PRC Premise to the Tenant for a term of 8 months commencing from 1 December 2012 and expiring on 31 July 2013 at a monthly rental of RMB132,471.84 (exclusive of utility charges).

* for identification purpose only

As the Tenant intended to continue the leasing of the PRC Premise after the expiry of the Existing Tenancy Agreement on 31 July 2013, on 30 July 2013, the Tenant and the Landlord entered into a new tenancy agreement in respect of the lease of the PRC Premise for a term of 2 years and 4 months commencing from 1 August 2013 and expiring on 30 November 2015 at a monthly rental of RMB132,471.84 (exclusive of utility charges) (the "**New Tenancy Agreement**").

The transactions contemplated under both the Existing Tenancy Agreement and the New Tenancy Agreement should be aggregated under Rule 14A.25 of the Listing Rules as the tenancy under both of these agreements relate to the same PRC Premise (together, the "**Tenancy Agreements**").

Sino-Ocean Land was the controlling shareholder of the Company and, through its wholly-owned subsidiaries, was indirectly interested in approximately 70.15% of the issued shares of the Company at the time of the transaction. The Landlord is a branch of Sino-Ocean Subsidiary which is an indirectly wholly-owned subsidiary of Sino-Ocean Land and therefore an associate (as defined in the Listing Rules) of Sino-Ocean Land and a connected person of the Company under the Listing Rules. The tenancy under the Tenancy Agreements constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transaction disclosed by the Group in pages 45 to 46 of the annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-Executive Directors of the Company have reviewed the above continuing connected transaction and confirmed that it was entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the Tenancy Agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, none of the "Related Party Transactions" as disclosed in Note 35 to the consolidated financial statement of the Group constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Related Party Transactions" constituted connected transaction as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

* for identification purpose only

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of bank loans, overdrafts and other borrowings of the Group are set out in Note 27 to the consolidated financial statements of the Group.

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in Note 40 to the consolidated financial statements of the Group.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Year.

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.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent.

EMOLUMENT POLICY AND RETIREMENT BENEFITS OF THE GROUP

The emolument policy of the senior employees of the Group is set and recommended by the remuneration committee of the Company (the "**Remuneration Committee**") to the Board on the basis of the employees' merit, qualifications and competence.

The emoluments of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has adopted the Share Option Scheme as an incentive to the Directors and eligible employees of the Group, details of which are set out in the section headed "Share Option Scheme" above.

Details of the Group's retirement benefit plans are set out in Note 34 to the consolidated financial statements of the Group.

Directors' Report

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 latest practicable date prior to the issue of this annual report.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"). In 2012, Deloitte resigned as auditors of the Company and BDO Limited ("**BDO**") was appointed as the auditor of the Company on 30 April 2012.

The consolidated financial statements of the Group for the years ended 31 December 2012 and 2013 were audited by BDO, who would retire at the conclusion of the forthcoming AGM of the Company, and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the shareholders at the forthcoming AGM to re-appoint BDO as the auditor of the Company.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Investment in a property project in Australia

On 24 January 2014, Gemini Overseas Investments Limited ("Gemini Overseas") (an indirect wholly-owned subsidiary of the Company) entered into a subscription agreement (the "Subscription Agreement") with P0006 A'Beckett Pty Ltd., (the "Trustee") and ICD Land Pty. Ltd. (a company incorporated in Australia with limited liability), pursuant to which, among other things, Gemini Overseas agreed to subscribe for 199 ordinary units and 14,285,316 Class A Units of A'Beckett Street Trust (the "Trust") and 199 ordinary share(s) in the capital of the Trustee with a par value of A$1.00 each for a total consideration of A$14,285,714 (equivalent to approximately HK$97,700,000). In conjunction with the Subscription Agreement, the parties also entered into a securityholders agreement on the same day to regulate the affairs of the Trust and the Trustee.

Details of the above transaction were disclosed in the announcement of the Company dated 24 January 2014.

On behalf of the Board

LAI Kwok Hung, Alex
Executive Director
Hong Kong, 28 February 2014

Independent Auditor's Report

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TO THE SHAREHOLDERS OF GEMINI INVESTMENTS (HOLDINGS) LIMITED
盛洋投資(控股)有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Gemini Investments (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 120, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Li Wing Yin
Practising Certificate Number P05035

Hong Kong, 28 February 2014

Consolidated Income Statement

For the year ended 31 December 2013

	NOTES	2013 HK$'000	2012 HK$'000
Sales proceeds from disposal of financial instruments held for trading	4	**1,276,435**	911,426
Turnover	5	**186,676**	50,545
Changes in inventories of gold bullions		**(159,363)**	(33,142)
Other income	6	**2,057**	2,644
Staff costs		**(13,475)**	(7,838)
Share-based compensation	7	**(13,942)**	—
Depreciation		**(409)**	(186)
Other expenses		**(14,238)**	(10,288)
Gain arising from changes in fair value of financial instruments held for trading		**8,895**	21,272
Gain arising from changes in fair value of investment properties		**334**	465
Impairment loss on available-for-sale investments		**—**	(330)
Gain on disposal of a subsidiary	31		
— 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	19	**26,714**	2,184
Finance costs	8	**(25,048)**	(16,682)
Profit before income tax	9	**43,868**	8,644
Income tax	10	**(4,715)**	(1,999)
Profit for the year	11	**39,153**	6,645
Profit for the year attributable to:			
Owners of the Company		**39,153**	6,645
Earnings per share for profit attributable to owners of the Company	14		
— basic (HK cents)		**8.79**	1.49
— diluted (HK cents)		**8.75**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013	2012
	HK$'000	HK$'000
Profit for the year	**39,153**	6,645
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
— Exchange differences arising on translation of foreign operations	**792**	(2,215)
— Release of translation reserve upon disposal of a subsidiary	**(11,704)**	—
— Changes in fair value of available-for-sale investments	**9,868**	—
Other comprehensive income for the year	**(1,044)**	(2,215)
Total comprehensive income for the year	**38,109**	4,430
Total comprehensive income attributable to:		
Owners of the Company	**38,109**	4,430

Statements of Financial Position

At 31 December 2013

		THE GROUP		THE COMPANY	
		2013	2012	**2013**	2012
	NOTES	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current Assets					
Investment properties	16	**317,700**	394,859	**—**	—
Property, plant and equipment	17	**4,210**	264	**—**	—
Investments in subsidiaries	18	**—**	—	**264,429**	31,895
Interests in joint ventures	19	**3,110**	6,715	**—**	—
Available-for-sale investments	20	**897,761**	36,088	**—**	—
Amounts due from subsidiaries	21	**—**	—	**821,495**	257,980
		1,222,781	437,926	**1,085,924**	289,875
Current Assets					
Deposits, prepayments and other receivables	22	**2,123**	1,920	**125**	30
Amount due from joint venture	19	**674**	1,352	**—**	—
Amounts due from subsidiaries	21	**—**	—	**549,619**	580,532
Financial instruments held for trading	23	**155,214**	156,365	**—**	—
Other investment	24	**25,026**	77,809	**—**	—
Short-term bank deposits	25	**424,693**	108,932	**273,445**	20,360
Bank balances and cash	25	**290,650**	290,312	**94,152**	12,286
		898,380	636,690	**917,341**	613,208
Current Liabilities					
Other payables and accrued charges	26	**22,625**	16,685	**8,427**	834
Amounts due to subsidiaries	21	**—**	—	**26,893**	—
Taxation payable		**4,016**	339	**—**	—
Borrowings	27	**549,753**	61,664	**498,833**	—
		576,394	78,688	**534,153**	834
Net Current Assets		**321,986**	558,002	**383,188**	612,374
Total Assets Less Current Liabilities		**1,544,767**	995,928	**1,469,112**	902,249

Statements of Financial Position

At 31 December 2013

	NOTES	THE GROUP 2013 HK$'000	THE GROUP 2012 HK$'000	THE COMPANY 2013 HK$'000	THE COMPANY 2012 HK$'000
Capital and Reserves					
Share capital	28	**22,275**	22,275	**22,275**	22,275
Share premium and reserves	29	**522,330**	470,279	**446,837**	383,141
Total Equity		**544,605**	492,554	**469,112**	405,416
Non-current Liabilities					
Borrowings	27	**1,000,162**	496,833	**1,000,000**	496,833
Deferred tax liabilities	30	**—**	6,541	**—**	—
		1,000,162	503,374	**1,000,000**	496,833
Total Equity and Non-current Liabilities		**1,544,767**	995,928	**1,469,112**	902,249

The financial statements on pages 51 to 120 were approved and authorised for issue by the Board of Directors on 28 February 2014 and are signed on its behalf by

SUM Pui Ying
Executive Director

LI Zhenyu
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital	Share premium	Share option reserve	Available-for-sale financial assets reserve	Translation reserve	Retained profits	Attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2012	22,275	153,728	5,579	—	27,058	279,484	488,124
Other comprehensive income							
— Exchange differences arising on translation of foreign operations	—	—	—	—	(2,215)	—	(2,215)
Profit for the year	—	—	—	—	—	6,645	6,645
Total comprehensive income for the year	—	—	—	—	(2,215)	6,645	4,430
Balance at 31 December 2012	22,275	153,728	5,579	—	24,843	286,129	492,554
Other comprehensive income							
— Exchange differences arising on translation of foreign operations	—	—	—	—	792	—	792
— Release of translation reserve upon disposal of a subsidiary	—	—	—	—	(11,704)	—	(11,704)
— Changes 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 7)	—	—	13,942	—	—	—	13,942
Balance at 31 December 2013	**22,275**	**153,728**	**19,521**	**9,868**	**13,931**	**325,282**	**544,605**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Cash flows from operating activities		
Profit before income tax	**43,868**	8,644
Adjustments for:		
Depreciation	**409**	186
Gain arising from changes in fair value of financial instruments held for trading	**(8,895)**	(21,272)
Share-based compensation	**13,942**	—
Share of results of joint ventures	**(26,714)**	(2,184)
Gain arising from changes in fair value of investment properties	**(334)**	(465)
Finance costs	**25,048**	16,682
Interest income from bank deposits	**(2,021)**	(2,313)
Gain on disposal of a subsidiary		
— excluding translation reserve	**(33,963)**	—
— reclassification from translation reserve upon disposal of a subsidiary	**(11,704)**	—
Impairment loss on available-for-sale investments	**—**	330
Operating cash flows before working capital changes	**(364)**	(392)
Increase in deposits, prepayments and other receivables	**(3,523)**	(1,284)
Decrease in financial instruments held for trading	**10,046**	373,732
Decrease/(increase) in other investment	**52,783**	(58,591)
Increase in other payables and accrued charges	**6,980**	11,548
Cash generated from operations	**65,922**	325,013
Profits tax outside Hong Kong paid	**(1,105)**	(740)
Net cash generated from operating activities	**64,817**	324,273

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013	2012
	HK$'000	HK$'000
Cash flows from investing activities		
Consideration paid for acquiring investment properties	**(65,566)**	(242,139)
Purchase of property, plant and equipment	**(4,118)**	(27)
Repayment from/(advance to) joint ventures	**678**	(247)
(Advance to)/repayment from a fellow subsidiary	**(869)**	440
Acquisition of available-for-sale investments	**(851,006)**	—
Capital refund from a joint venture	**2,746**	—
Distribution from a joint venture	**27,573**	—
Proceeds from disposal of a subsidiary	**172,487**	—
Other investing activities	**—**	(4,652)
Refundable deposit paid	**—**	(185,025)
Refundable deposit received	**—**	182,895
Interest received	**2,021**	2,313
Net cash used in investing activities	**(716,054)**	(246,442)
Cash flows from financing activities		
New loan raised	**1,000,000**	61,664
Repayment of loan	**(12,719)**	—
Repayment of obligation under finance lease	**(20)**	—
Interest paid	**(20,050)**	(14,683)
Net cash generated from financing activities	**967,211**	46,981
Net increase in cash and cash equivalents	**315,974**	124,812
Cash and cash equivalents at beginning of the year	**399,244**	274,489
Effect of foreign exchange rate changes	**125**	(57)
Cash and cash equivalents at end of the year	**715,343**	399,244
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	**424,693**	108,932
Bank balances and cash	**290,650**	290,312
	715,343	399,244

Notes to the Financial Statements

For the year ended 31 December 2013

1. GENERAL

Gemini Investments (Holdings) Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Grand Beauty Management Limited (incorporated in British Virgin Islands) and its ultimate parent is Sino-Ocean Land Holdings Limited (incorporated in Hong Kong and listed on the Stock Exchange). The addresses of its registered office and principal place of business of the Company are disclosed in the section of Corporate Information of the annual report.

For the better understanding of the financial performance achieved by the Company and its subsidiaries (collectively referred to as the "Group"), the directors of the Company disclosed the sales proceeds of the financial instruments held for trading in the consolidated income statement, although such disclosure is not required under Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements".

The Company acts as an investment holding company. The principal activities of its subsidiaries and joint ventures are set out in Notes 40 and 19 respectively.

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective on 1 January 2013

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) — Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine
HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective on 1 January 2013 *(Continued)*

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

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss has been modified accordingly. The amendments affect presentation only and have no impact on the Group's financial position or performance.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation — Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective on 1 January 2013 *(Continued)*

HKFRS 11, Joint arrangements *(Continued)*

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the interests in jointly controlled entities to joint ventures. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in Note 19 to the financial statements included in the 2013 annual report of the Company. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in Notes 16, 24 and 37(h) to the financial statements included in the 2013 annual report of the Company. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective on 1 January 2013 *(Continued)*

Amendments to HKFRS 7, Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

(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 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
Amendments to HKAS 19 (2011)	Defined Benefits Plans: Employee Contribution[2]
Amendments to HKAS 36	Recoverable Amount Disclosures[1]
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

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.

Amendments to HKAS 36, Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

HKFRS 9, Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that 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.

Amendments to HKFRS 9, HKFRS 7 and HKAS 39, Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in HKFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for HKFRS 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements on pages 51 to 120 have been prepared in accordance with HKFRSs which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, that are measured at fair values, as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 38.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.2 Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represent amounts receivable for services provided in the normal course of business, net of discounts.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Fund management services income is recognised in the accounting period in which the services rendered, by reference to stage of completion of specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

Dividend income from investments including financial asset at fair value through profit or loss is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and that are not occupied by the Group.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

3.5 Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residue value over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture, fixtures and equipment	20% to $33^1/_3$%
Computer equipment	$33^1/_3$%
Leasehold improvement	60%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When an item of property, plant and equipment is transferred to investment property carried at fair value, if the carrying amount is increased, the surplus is credited directly to equity (property revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in property revaluation reserve may be transferred to retained profits directly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are included in the Company's statement of financial position at cost (including deemed capital contribution), less any identified impairment loss.

3.7 Joint ventures

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements either as:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;

- The legal form of joint arrangements structured through a separate vehicle;

- The contractual terms of the joint arrangement agreement; and

- Any other facts and circumstances (including any other contractual arrangements).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Joint ventures *(Continued)*

The Group accounts for its interests in joint ventures using the equity method whereby they are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3.8 Other investment

Other investment consists of gold bullions measured at fair value less costs to sell. The fair values are determined by reference to the quoted market price. Sales proceeds from the trading of gold bullions are accounted for as revenue and recognised in profit or loss.

3.9 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Impairment of tangible assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increases under that standard to the extent of the decrease previously charged.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets at FVTPL consist of financial assets held for trading.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is presented as gain (loss) arising from changes in fair value of financial instruments held for trading line item in the consolidated income statement. Fair value is determined in accordance with the market bid price.

Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from subsidiaries, joint ventures and a fellow subsidiary, other receivables, short-term bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated the unlisted equity investment of which the Group has no power to govern or participate the financial and operating policies of the invested entities so as to obtain benefits from its activities, and does not intend to trade for short-term profit as available-for-sale investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale investments (Continued)

Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses, which are recognised in profit or loss.

For available-for-sale equity investments that 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 at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For available-for-sale equity investment, that is carried at fair value, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Financial instruments *(Continued)*

Financial assets ***(Continued)***

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, amounts due from subsidiaries, a fellow subsidiary and joint ventures, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the carrying amount is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities (including other payables and accrued charges, amounts due to subsidiaries and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Dividend

Dividend payable is recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company, which is the date when the declaration of the dividend is approved by the shareholders or when the dividend is declared.

For distribution of non-cash assets, dividend payable is measured at the fair value of the assets to be distributed. On the settlement of dividend payable, any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Share-based payment transactions

Equity-settled share-based payment transactions

The Group operates equity-settled share-based compensation plans for remuneration of its directors and employees.

All services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3.12 Taxation

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Taxation (Continued)

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.13 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms of the relevant lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Individually material operating segments are not aggregated for financial reporting purpose unless the segments have similar characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they are share a majority of these criteria.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.17 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rate of exchanges prevailing on the dates of the transactions at the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit and loss on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into HK$ using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve) under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.18 Provision and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and other defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3.20 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SALES PROCEEDS FROM DISPOSAL OF FINANCIAL INSTRUMENTS HELD FOR TRADING

The sales proceeds of the financial instruments held for trading by the Group (Note 23) disposed of during the years ended 31 December 2013 and 2012 amounted to approximately HK$1,276,435,000 and HK$911,426,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the years of 2013 and 2012, including gain or loss arising from disposal of those financial instruments and unrealised gain or loss from changes in fair value of those financial instruments, are presented as "Gain arising from changes in fair value of financial instruments held for trading" in the consolidated income statement in accordance with the Group's accounting policies which comply with Hong Kong Accounting Standard 39.

5. 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.

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.

5. SEGMENT INFORMATION *(Continued)*

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 2013

	Property investments	Securities and other investments	Fund investments	Fund management	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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	11,130	156,835	–	18,711	186,676
Segment results	10,851	7,033	(931)	17,471	34,424
Interest income from bank deposits					2,021
Share of results of joint ventures					26,714
Gain on disposal of a subsidiary					45,667
Unallocated corporate expenses					(39,910)
Finance costs					(25,048)
Profit before income tax					43,868

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2012

	Property investments	Securities and other investments	Fund investments	Fund management	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		*(Represented)	*(Represented)		
Segment revenue	11,855	947,195	—	2,921	961,971
Less: Sales proceeds from disposal of financial instruments held for trading	—	911,426	—	—	911,426
Turnover as presented in consolidated income statement	11,855	35,769	—	2,921	50,545
Segment results	10,195	20,456	78	2,921	33,650
Interest income from bank deposits					2,313
Share of results of joint ventures					2,184
Impairment loss on available-for-sale investments					(330)
Unallocated corporate expenses					(12,491)
Finance costs					(16,682)
Profit before income tax					8,644

* During the year, the Group was involved in investing of various funds with significant business involvement, a new segment, Fund Investments, was therefore added 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 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, share of results of joint ventures, gain on disposal of a subsidiary, impairment loss on available-for-sale investments, 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.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2013	2012
	HK$'000	HK$'000
Assets		
Segment assets		
— Property investments	**318,039**	395,713
— Securities and other investments	**452,229**	344,394
— Fund investments	**871,478**	10,559
— Fund management	**334**	—
Unallocated assets	**479,081**	323,950
Consolidated total assets	**2,121,161**	1,074,616
Liabilities		
Segment liabilities		
— Property investments	**2,970**	11,903
— Securities and other investments	**10,004**	1,922
— Fund investments	**40**	—
— Fund management	**5,307**	8,795
Unallocated liabilities	**1,558,235**	559,442
Consolidated total liabilities	**1,576,556**	582,062

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

- all assets are allocated to operating segments other than interests in joint ventures, amounts due from joint ventures, short-term bank deposits, unallocated other receivables, bank balances and cash; and

- all liabilities are allocated to operating segments other than taxation payable, borrowings, unallocated other payables and deferred tax liabilities.

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2013

Other segment information

	Property investments	Securities and other investments	Fund investments	Fund management	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	65,566	4,345	—	—	69,911
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

For the year ended 31 December 2012

Other segment information

	Property investments	Securities and other investments	Fund investments	Fund management	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	242,139	27	—	—	242,166
Depreciation	78	108	—	—	186
Gain arising from changes in fair value of investment properties	465	—	—	—	465
Gain arising from changes in fair value of financial instruments held for trading	—	21,272	—	—	21,272

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong (place of domicile) and 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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**161,881**	39,229	**321,030**	251,864
The PRC	**23,462**	10,693	**880**	143,259
Others	**1,333**	623	**—**	—
	186,676	50,545	**321,910**	395,123

Information about major customers

During the years ended 31 December 2012 and 2013, no revenue from individual customer contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	2013	2012
	HK$'000	HK$'000
Bank interest income	**2,021**	2,313
Others	**36**	331
	2,057	2,644

7. 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 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 held on 23 June 2011, the total number of shares in respect of which share options was 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.

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 (the "Grantees").

Save for 12,000,000 share options granted to Mr. SUM Pui Ying, one of the executive directors, all the other Options are not subject to vesting conditions.

Due to the balance of the share option scheme limit (comprising 34,950,000 shares) is insufficient to cover the grant of all the Options, but sufficient to cover the grant of 19,400,000 share options to the Grantees excluding Mr. SUM Pui Ying, the Company has resolved to seek independent shareholders' approval for the grant of 16,000,000 share options to Mr. SUM Pui Ying at the extraordinary general meeting.

7. SHARE-BASED COMPENSATION *(Continued)*

Equity-settled share option scheme of the Company: *(Continued)*

In addition, the number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

As the Company's shares subject to Mr. SUM Pui Ying's Options exceed 1% of the ordinary shares of the Company in issue, the grant of Mr. SUM Pui Ying's Options also requires the approval of the independent shareholders at the extraordinary general meeting.

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 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 31 December 2013, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 45,000,000 (2012: 9,600,000), representing 10.1% (2012: 2.15%) 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.

9,600,000 share options granted on 26 August 2011 were vested on the same date. The fair value of the share options granted was HK$5,579,000 and recognised as share-based compensation by the Group and the Company for the year ended 31 December 2011.

7. SHARE-BASED COMPENSATION *(Continued)*

Equity-settled share option scheme of the Company: *(Continued)*

Movement in share options at the reporting date are as follows:

	2013		2012	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 January	**9,600,000**	**1.40**	9,600,000	1.40
Granted	**35,400,000**	**0.96**	—	—
Outstanding at 31 December	**45,000,000**	**1.05**	9,600,000	1.40
Exercisable at 31 December	**33,000,000**	**1.09**	9,600,000	1.40

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

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

Grant on and exercisable on	9 August 2013 & 16 September 2013	23 August 2011
Share price	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.

8. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000
Interest on:		
Bank and other borrowings		
— wholly repayable within five years	**18,024**	16,646
— wholly repayable over five years	**6,503**	—
Others	**521**	36
	25,048	16,682

9. PROFIT BEFORE INCOME TAX

	2013 HK$'000	2012 HK$'000
Profit before income tax has been arrived at:		
after charging:		
Auditor's remuneration		
— current year	**868**	711
— underprovision in the prior year	**30**	76
	898	787
Net foreign exchange loss	**—**	1,506
Rental payments in respect of properties under operating leases	**3,239**	613
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	**516**	371
and after crediting:		
Interest income from investments	**13**	34
Dividend income from financial instruments held for trading	**5,327**	3,829
Net foreign exchange gain	**7,888**	—
Gross rental income from investment properties	**11,130**	11,855
Less: direct operating expenses arising from investment properties that generated rental income during the year	**(993)**	(138)
	10,137	11,717

10. INCOME TAX

	2013 HK$'000	2012 HK$'000
The taxation attributable to the Group's operation comprises:		
Current taxation		
Hong Kong Profits Tax	**236**	19
Profits tax outside Hong Kong	**3,973**	1,059
	4,209	1,078
Under/(over) provision in prior years		
Profits tax outside Hong Kong	**506**	(751)
	4,715	327
Deferred taxation		
Current year	**—**	1,672
	4,715	1,999

10. INCOME TAX *(Continued)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of relevant PRC subsidiaries of the Company is calculated at 25%.

Details of deferred taxation are set out in Note 30.

Income tax expense for the year can be reconciled to the profit before income tax per the consolidated income statement as follows:

	2013	2012
	HK$'000	HK$'000
Profit before income tax	**43,868**	8,644
Tax calculated at the income tax rate applicable to profits in the respective jurisdictions	**18,014**	572
Tax effect of expenses not deductible for tax purpose	**36,229**	6,920
Tax effect of income not taxable for tax purpose	**(45,122)**	(5,113)
Tax effect of share of results of joint ventures	**(4,408)**	(360)
Tax effect of unrecognised tax loss	**171**	31
Tax effect on temporary difference not recognised	**(656)**	(349)
Tax effect on tax losses being utilised	**(23)**	(574)
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	**—**	1,623
Under/(over) provision in respect in prior years	**506**	(751)
Others	**4**	—
Income tax expense	**4,715**	1,999

11. PROFIT FOR THE YEAR

Of the consolidated profit attributable to owners of the Company of HK$39,153,000 (2012: HK$6,645,000), a profit of HK$49,754,000 (2012: a loss of HK$19,352,000) has been deal with in the financial statements of the Company.

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the eight (2012: six) directors were as follows:

2013

	Li Ming	Sum Pui Ying	Li Zhenyu	Lai Kwok Hung, Alex	Li Hongbo	Law Tze Lun	Lo Woon Bor, Henry	Zheng Yun	Total 2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	–	1,294	180	71	180	180	180	180	2,265
Other emoluments									
— Contributions to retirement benefits schemes	–	–	–	20	–	–	–	–	20
— Performance related incentive payments	–	2,061	–	–	–	–	–	–	2,061
— Salaries and other benefits	–	–	451	473	–	–	–	–	924
— Share-based compensation	1,880	4,825	1,410	1,410	940	–	–	–	10,465
Total emoluments	1,880	8,180	2,041	1,974	1,120	180	180	180	15,735

2012

	Sum Pui Ying	Li Zhenyu	Li Hongbo	Law Tze Lun	Lo Woon Bor, Henry	Zheng Yun	Total 2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	150	150	150	151	151	151	903
Other emoluments	—	—	—	—	—	—	—
Total emoluments	150	150	150	151	151	151	903

Notes:

Mr. Li Ming and Mr. Lai Kwok Hung, Alex was appointed as director of the Company on 9 August 2013.

The performance related incentive payment is determined as a percentage of the profit after tax of the Group for the year ended 31 December 2013 (2012: Nil).

No directors waived any emoluments for each of the years ended 31 December 2012 and 2013.

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 December 2013.

13. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group in 2013 were all directors and details of their emoluments are disclosed in Note 12.

The emoluments of the five highest paid employees in 2012, other than directors of the Company, are as follows:

	2013	2012
	HK$'000	HK$'000
Salaries and other benefits	**—**	2,966
Share-based compensation	**—**	—
Retirement benefits scheme contributions	**—**	104
	—	3,070

Their emoluments were within the following band:

	2013	2012
	Number of employees	Number of employees
Nil to HK$1,000,000	**—**	5

The emoluments paid or payable to members of senior management were within the following bands:

	2013	2012
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**3**	6
HK$1,000,001 to HK$2,000,000	**3**	—
HK$2,000,001 to HK$3,000,000	**1**	—
HK$8,000,001 to HK$9,000,000	**1**	—

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year of HK$39,153,000 (2012: HK$6,645,000) and on 445,500,000 number of ordinary shares (2012: 445,500,000 ordinary shares) in issue during the year.

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 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares.

	Number of shares
	'000
Weighted average number of ordinary shares used in basic earnings per share	445,500
Shares deemed to be issued at no consideration as if the Company's share options have been exercised	2,014
Weighted average number of ordinary shares used in diluted earnings per share	447,514

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise of those options was higher than the average market price for shares for the year ended 31 December 2012.

15. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2012 and 2013, nor has any dividend been proposed since the end of the reporting period.

16. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
FAIR VALUE	
At 1 January 2012	142,593
Exchange realignment	(28)
Additions	251,829
Increase in fair value	465
At 31 December 2012	394,859
Exchange realignment	1,938
Disposal (Note (a))	(144,997)
Additions	65,566
Increase in fair value	334
At 31 December 2013 (Notes (b) & (c))	317,700

The Group's investment properties comprise:

	2013	2012
	HK$'000	HK$'000
Properties held under medium-term leases:		
— the PRC	–	143,059
— Hong Kong	317,700	251,800
	317,700	394,859

Notes:

(a) During the year, the Group indirectly disposed of the investment properties located in the PRC through selling of the entire issued share capital in Trendex Investment Limited ("Trendex") (Note 31).

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

The fair values of the Group's investment properties located in Hong Kong as at 31 December 2013 and 2012 have been arrived at on the basis of a valuation carried out on that dates by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The valuation reports on these properties were signed by a director of BMI Appraisals Limited who is a member of the Hong Kong Institute of Surveyors.

The revaluation of investment properties during the current year gave rise to a net gain arising from changes in fair value of HK$334,000 (2012: HK$465,000) which has been recognised in profit or loss.

All the investment properties of the Group are rented out under operating leases.

16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(c) The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2013
	HK$'000
Opening balance (level 3 recurring fair value)	**394,859**
Additions	**65,566**
Exchange realignment	**1,938**
Disposals	**(144,997)**
Gains on revaluation of investment properties	**334**
Closing balance (level 3 recurring fair value)	**317,700**

Fair value is determined by applying the investment approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in lettable units of the properties as well as other lettings of similar properties in the same location. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in Hong Kong and adjusting to take into account the location of the properties.

The significant unobservable inputs into the valuation technique include:

Estimated rental value	Based on the actual view, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;
Discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

Information about fair value measurement using significant unobservable inputs (Level 3)

Significant unobservable inputs	**Range**	**Relationship of unobservable inputs to fair value**
Estimated rental value	HK$40-HK$60 per month per square feet	The higher the rental value, the higher the fair value
Discount rate	2.9%-3.2%	The higher the discount rate, the lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

17. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST				
At 1 January 2012	—	552	252	804
Exchange realignment	—	(1)	—	(1)
Additions	—	—	27	27
At 31 December 2012	—	551	279	830
Exchange realignment	12	13	4	29
Additions	2,406	1,688	251	4,345
Disposal (Note)	—	(426)	—	(426)
At 31 December 2013	2,418	1,826	534	4,778
DEPRECIATION				
At 1 January 2012	—	336	44	380
Charged for the year	—	106	80	186
At 31 December 2012	—	442	124	566
Exchange realignment	4	8	1	13
Charged for the year	265	58	86	409
Disposal (Note)	—	(420)	—	(420)
At 31 December 2013	269	88	211	568
NET BOOK VALUE				
At 31 December 2013	2,149	1,738	323	4,210
At 31 December 2012	—	109	155	264

Note:

During the year, the Group indirectly disposed of the property, plant and equipment through selling of the entire issued share capital in Trendex (Note 31).

During the year, additions to furniture, fixtures and equipment of the Group financed by a new finance lease was HK$227,000. At the end of the reporting period, the net book value of the equipment held under finance lease of the Group was HK$227,000 (2012: Nil).

18. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY **2013** **HK$'000**	2012 HK$'000
Unlisted shares, at cost	**10**	20
Deemed capital contribution (Note 21)	**264,419**	31,875
	264,429	31,895

Details of the Company's subsidiaries at 31 December 2013 and 2012 are set out in Note 40.

19. INTERESTS IN JOINT VENTURES

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
At the beginning of the year	**6,715**	4,531
Share of post-acquisition profits and other comprehensive income	**26,714**	2,184
Dividend distribution (Note (b))	**(30,319)**	—
At the end of the year	**3,110**	6,715

As at 31 December 2013, 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	Proportion of capital issued share directly held by the Group	Principal activities
Sino Prosperity Real Estate Limited	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment advisory

Name of principal subsidiary of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Proportion of capital issued share indirectly held by the Group	Principal activities
Sino Prosperity Real Estate (GP) L.P.	Incorporated	Cayman Islands	PRC	Ordinary	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.

19. INTERESTS IN JOINT VENTURES *(Continued)*

The summarised financial information in respect of the Group's interests in each joint venture are as follows:

Sino Prosperity Real Estate Limited	**2013**	2012
	HK$'000	HK$'000
As at 31 December		
Current assets	**386**	1,138
Non-current assets	**—**	4,600
Current liabilities	**(62)**	(896)
Included in the above amounts are:		
Cash and cash equivalents	**385**	1,124
Year ended 31 December		
Revenues	**27,335**	1,933
Profit for the year	**25,803**	1,773
Other comprehensive income	**(2)**	2
Total comprehensive income	**25,801**	1,775

19. INTERESTS IN JOINT VENTURES *(Continued)*

Sino Prosperity Real Estate Advisor Limited	**2013**	2012
	HK$'000	HK$'000
As at 31 December		
Current assets	**3,596**	3,653
Non-current assets	**184**	6
Current liabilities	**(994)**	(1,786)
Included in the above amounts are:		
Cash and cash equivalents	**1,665**	3,383
Current financial liabilities (excluding trade and other payable)	**337**	181
Year ended 31 December		
Revenues	**5,186**	3,495
Profit for the year	**905**	409
Other comprehensive income	**8**	—
Total comprehensive income	**913**	409
Included in the above amounts are:		
Depreciation and amortisation	**63**	2
Interest income	**1**	—
Income tax (credit)/expense	**(49)**	49

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 Sino Prosperity Real Estate (GP) L.P. 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) As at 31 December 2013, the Group has outstanding commitments to make capital contribution to Sino Prosperity Real Estate (GP) L.P. of approximately US$1,049,000 (2012: US$586,000).

(d) The amount due from joint venture is unsecured, interest-free and has no fixed terms of repayment.

20. AVAILABLE-FOR-SALE INVESTMENTS

	2013	2012
	HK$'000	HK$'000
Unlisted equity investments, at cost (Note (a))	41,870	36,418
Unlisted investment (Note (b))	856,221	—
Impairment loss on available-for-sale investments	(330)	(330)
	897,761	36,088

Notes:

(a) The unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated outside Hong Kong of which the Group holds less than 5% of the equity interest of these investees. They 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.

(b) The Group has made several fund investments with carrying value of approximately HK$856,221,000 at 31 December 2013 and the details are as follows:

	2013	2012
	HK$'000	HK$'000
At fair value (Notes (i), (ii) & (iii))	409,868	—
At cost (Notes (iv) & (v))	446,353	—
	856,221	—

(i) For diversifying the Group's securities investment risk and further enhance the rate of return of the Group's core business of securities investment through efficient access to a wider variety of investment channels, the Group announced and proposed to subscribe for not more than 500,000 participating redeemable preference shares ("Participating Shares") in an investment entity incorporated outside Hong Kong at an aggregate subscription price of not more than HK$200,000,000 payable in cash on 5 April 2013. Details of the investment were set out in the announcement and circular of the Company dated 5 April 2013 and 26 April 2013 respectively. The investment was approved by the shareholders at an extraordinary general meeting of the Company held on 14 May 2013. On 14 June 2013, the Group paid HK$200,000,000 to subscribe 500,000 Participating Shares of the investment entity.

20. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

(ii) On 30 August 2013, the Group subscribed 30,000 participating redeemable preference shares in a sub-fund of an exempted investment company incorporated in the Cayman Islands with limited liability (the "Sub-Fund A") for a total cash consideration of HK$30,000,000. The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity by employing a fundamental value approach to generate positive returns in all market conditions.

Further on 27 September 2013, the Group subscribed additional 70,704 participating redeemable preference shares of the Sub-Fund A, the subscription price of HK$70,000,000 was paid at the same date. Details of the investments in the Sub-Fund A were set out in the announcement and circular of the Company dated 27 September 2013 and 21 October 2013 respectively.

(iii) On 27 September 2013, the Group subscribed 100,000 participating redeemable preference shares in another sub-fund of the above mentioned investment company (the "Sub-Fund B") for a total cash consideration of HK$100,000,000. 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. Details of the investment were set out in the announcement and circular of the Company dated 27 September 2013 and 21 October 2013 respectively.

(iv) On 27 September 2013, the Group made an subscription and paid the subscription money for 125,000 non-redeemable, non-voting participating shares of an exempted investment company incorporated in the Cayman Islands with limited liability (the "Private Equity Fund") at a total consideration of US$12,500,000 (equivalent to approximately HK$96,900,000). 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 United States of America (the "US"), Europe and/or Australia. Details of the investment were set out in the announcement and circular of the Company dated 27 September 2013 and 21 October 2013 respectively.

(v) On 11 November 2013, the Group made another subscription and paid the subscription money for 450,000 non-redeemable, non-voting participating shares of an exempted investment company incorporated in the Cayman Islands with limited liability (the "Property Fund") at a total consideration of US$45,000,000 (equivalent to approximately HK$349,000,000). The consideration was paid on 18 November 2013. 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. Details of the investment were set out in the announcement and circular of the Company dated 11 November 2013 and 2 December 2013 respectively.

As the equity investments in Private Equity Fund (Note (iv)) and in Property Fund (Note (v)) 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 at the end of the reporting period.

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

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

In the opinion of the directors, based on their assessment as at 31 December 2013 of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries of HK$821,495,000 (2012: HK$257,980,000) will not be recovered within one year from the end of the reporting period, accordingly, these amounts are classified as non-current. During the year ended 31 December 2013, the principal amounts due from subsidiaries have been initially adjusted to their fair value with a corresponding increase of HK$264,419,000 (2012: HK$31,875,000) in investments in subsidiaries. These are regarded as deemed contribution by the Company to these subsidiaries. The effective interest rate on the amounts due from subsidiaries ranged from 2.26% to 6.08% (2012: 2.26% to 2.69%) per annum, representing the borrowing rates of the relevant subsidiaries.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

As at 31 December 2013, included in deposits and prepayments of the Group was management fee receivable of HK$334,000 (2012: rental receivable from tenants amounting to HK$328,000).

23. FINANCIAL INSTRUMENTS HELD FOR TRADING

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Listed securities:		
— Equity securities listed in Hong Kong	**29,967**	118,039
— Equity securities listed in the PRC and the US	**125,247**	38,326
	155,214	156,365

The fair values of all listed securities are determined by reference to the quoted market bid price available on the relevant exchanges.

The listed securities held by the Group are mainly listed in Hong Kong and the US. The Group maintains a portfolio of diversified investments in term of industry distribution such as banking, financial services and energy. As such, the value of the Group's listed securities is significantly affected by: US government credit rating; European Sovereign debt, recovery of US economy, stability of Hong Kong and US stock markets; and fluctuation of commodity price etc.

24. OTHER INVESTMENT

As at 31 December 2013 and 2012, other investment represents gold bullions stated at fair values less costs to sell. The fair values of gold bullions are determined by reference to the quoted market price and categorised into level 1 recurring fair value measurement.

Sales proceeds from the trading of gold bullions are accounted for as revenue and recognised in profit or loss.

25. OTHER FINANCIAL ASSETS

Other financial assets include short-term bank deposits and bank balances and cash.

Short-term bank deposits and bank balances and cash comprise cash and deposits held by the Group and the Company with an original maturity of three months or less.

Bank balances and short-term bank deposits carry interest at market rates with average interest rate of 0.01% and 0.78% (2012: 0.01% and 0.39%) per annum respectively.

As at 31 December 2013, the Group had bank balances denominated in RMB amounted to approximately HK$28,621,000 (2012: HK$41,887,000), which were deposited with the banks and financial institution in the PRC. RMB is currently not a free convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges of the Group are tenants' deposits amounting to HK$2,484,000 (2012: HK$4,735,000).

27. BORROWINGS

The maturity profile of the borrowings is as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Current:		
Obligation under finance lease (Note 32)	**44**	—
Bank loans		
— unsecured and repayable within one year	**549,709**	61,664
	549,753	61,664
Non-current:		
Obligation under finance lease (Note 32)	**162**	—
Bank loans and other loan		
— unsecured and repayable after one year but within two years	**—**	496,833
— unsecured and repayable after five years	**1,000,000**	—
	1,000,162	496,833
	1,549,915	558,497

	THE COMPANY	
	2013	2012
	HK$'000	HK$'000
Current:		
Bank loan		
— unsecured and repayable within one year (Note (a)(ii))	**498,833**	—
Non-current:		
Other loan		
— unsecured and repayable after five years (Note (b))	**1,000,000**	496,833
	1,498,833	496,833

(a) The bank loans and other loan of the Group under current liabilities at the reporting date represent:

(i) An entrusted loan of HK$50,876,000 (2012: HK$61,664,000) in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which is unsecured, wholly repayable within one year and bearing interest at fixed rates as at 31 December 2013. The average interest rate for the entrusted loan as at 31 December 2013 is 7.34% (2012: 7.34%) per annum; and

(ii) A bank borrowing of HK$498,833,000 (2012: HK$496,833,000 under non-current liabilities), which is unsecured, wholly repayable in 2014 and bearing interest at floating rates. The average interest rate for the bank borrowing as at 31 December 2013 is 2.45% (2012: 2.26%) per annum. The bank borrowing is guaranteed by Sino-Ocean Land Holdings Limited, the ultimate holding company of the Group.

27. BORROWINGS *(Continued)*

(b) At 31 December 2013, the borrowing of the Group and the Company under non-current liabilities represent a loan provided by Grand Beauty Management Limited, an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited. The amount due is unsecured, wholly repayable in 2023 and interest bearing at the rate of three-month HIBOR plus 1.5% to 3.75% per annum. Details of the loan were set out in the announcement of the Company dated 15 August 2013.

(c) On 23 January 2014, the Group has entered into a new facility agreement with the principal bank in order to renew the 3-year bank borrowing of HK$500,000,000 as mentioned in Note (a)(ii). The renewed borrowing is still unsecured, wholly repayable after 36 months after the date of the new facility agreement, i.e. in 2017, bearing interest at floating rates and also guaranteed by Sino-Ocean Land Holdings Limited.

28. SHARE CAPITAL

	Number of shares		**Amount**	
	2013	2012	**2013**	2012
			HK$'000	HK$'000
Ordinary shares of HK$0.05 each				
Authorised:				
At beginning and at end of the year	**4,200,000,000**	4,200,000,000	**210,000**	210,000
Issued and fully paid:				
At beginning and at end of the year	**445,500,000**	445,500,000	**22,275**	22,275

29. SHARE PREMIUM AND RESERVES

THE GROUP

Details of the movements on the Group's share premium and reserves are set out in the consolidated statement of changes in equity.

	Share premium	Share option reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
THE COMPANY				
At 1 January 2012	153,728	5,579	243,186	402,493
Loss for the year	—	—	(19,352)	(19,352)
At 31 December 2012	153,728	5,579	223,834	383,141
Share-based compensation (Note 7)	—	13,942	—	13,942
Profit for the year	—	—	49,754	49,754
At 31 December 2013	153,728	19,521	273,588	446,837

30. DEFERRED TAX LIABILITIES

The Group's deferred tax liabilities recognised and movements thereon during the current and prior years are set out below:

	Fair value change of investment properties
	HK$'000
At 1 January 2012	4,870
Charged to profit or loss	1,672
Exchange realignment	(1)
At 31 December 2012	6,541
Disposal of a subsidiary (Note 31)	(6,630)
Exchange realignment	89
At 31 December 2013	—

At the end of the reporting period, the Group had unused tax losses of approximately HK$53,995,000 (2012: HK$53,104,000) available for offset against future profits. The tax losses are subject to Hong Kong Inland Revenue Department final assessment. No deferred tax assets have been recognised in respect of such losses due to the unpredictability of future profit streams. Such tax losses may be carried forward indefinitely.

30. DEFERRED TAX LIABILITIES *(Continued)*

No deferred tax liability has been recognised on temporary differences of approximately HK$11,992,000 (equivalent to approximately RMB9,576,000) (2012: HK$2,474,000 (equivalent to approximately RMB2,000,000)) relating to the undistributed earnings of foreign subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

31. DISPOSAL OF A SUBSIDIARY

On 8 February 2013, the Company entered into a sale and purchase agreement (the" Disposal Agreement") with an independent third party (the "Purchaser") in connection with the disposal of the entire issued share capital in Trendex at an aggregate cash consideration of RMB138,310,795 which is subject to adjustments as described in the Disposal Agreement. After the completion of disposal, Trendex will cease to be a subsidiary of the Company. Details of the disposal were set out in the announcement and the circular of the Company dated 8 February 2013 and 8 March 2013 respectively.

The disposal was completed on 16 May 2013. The gain arising from the disposal was included as "Gain on disposal of a subsidiary" in the consolidated income statement and is calculated as follows:

	2013 HK$'000
Net assets disposed of:	
Investment properties	144,997
Property, plant and equipment	6
Deposits and prepayments	3,320
Amount due from a fellow subsidiary	869
Other payables and accrued charges	(4,038)
Deferred tax liabilities	(6,630)
	138,524
Gain on disposal of a subsidiary:	
Consideration received	172,487
Net assets disposed of	(138,524)
Cumulative exchange differences in respect of the net assets of the disposed subsidiary reclassified from equity to profit or loss	11,704
Gain on disposal	45,667

31. DISPOSAL OF A SUBSIDIARY *(Continued)*

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

	2013
	HK$'000
Cash consideration	**172,487**

During the year ended 31 December 2013, Trendex contributed revenue and net profit of HK$3,060,000 and HK$2,509,000 to the Group respectively.

32. LEASES

Finance lease

At 31 December 2013, the Group had obligation under finance lease repayable as follows:

	Minimum lease payments 2013	**Interest 2013**	**Present value 2013**
	HK$'000	HK$'000	HK$'000
Within one year	61	17	44
After one year but within two years	227	65	162
	288	82	206

Operating lease — the Group as lessee

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Within one year	**6,663**	2,184
In the second to fifth year inclusive	**5,279**	4,248
	11,942	6,432

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms ranging from one to four years and rentals are fixed over the lease terms.

32. LEASES *(Continued)*

Operating lease — the Group as lesser

Property rental income earned during the year is disclosed in Note 5. The properties held by the Group have committed tenants for the lease term ranging from one to three years and rentals are fixed over the lease terms.

At the reporting date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Within one year	**6,624**	13,541
In the second to fifth year inclusive	**2,902**	8,793
	9,526	22,334

33. CAPITAL COMMITMENTS

	THE GROUP	
	2013	2012
	HK$'000	HK$'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
— Capital contribution to a joint venture (Note 19)	**8,136**	4,543
— Capital contribution to an unlisted equity investment	**—**	4,651
	8,136	9,194

34. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme and other defined contribution retirement schemes for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The employees of the Company's subsidiaries established outside Hong Kong are members of a state-managed retirement scheme operated by respective governments. These subsidiaries are required to contribute certain percentage of basic payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the scheme.

During the year ended 31 December 2013, the retirement benefits cost charged to the consolidated income statement of HK$536,000 (2012: HK$371,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

35. RELATED PARTY TRANSACTIONS

Other than the amounts due from subsidiaries, amount due from jointly venture, and borrowings as disclosed in respective notes and transactions disclosed below, the Group and the Company does not entered into any other transactions with related parties.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in Note 12.

In addition to those related party transactions disclosed elsewhere in the financial statements, during the year, the Group entered into the following transactions with its related parties. The transactions were carried out at estimated market prices determined by the Group's management.

	2013	2012
	HK$'000	HK$'000
Transaction with ultimate holding company		
— Interest paid	**6,503**	—
Transactions with fellow subsidiaries:		
— Rents paid	**1,689**	802
— Building management fee paid	**238**	60
— Service fee paid	**597**	—
	2,524	862

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group and the Company consists of borrowings (Note 27) and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management reviews the capital structure regularly. As a part of this review, the management considers the cost of capital and the risks associated with the issued share capital and will balance the Group's overall capital structure through the payment of dividends or the issue of new debt.

The Group's overall strategy remains unchanged from prior year.

36. CAPITAL RISK MANAGEMENT *(Continued)*

The gearing ratio of the Group at the end of reporting period was as follows:

	2013	2012
	HK$'000	HK$'000
Debt	**1,549,915**	558,497
Cash and cash equivalents	**(715,343)**	(399,244)
Net debt	**834,572**	159,253
Equity	**544,605**	492,554
Net debt to equity ratio	**153.2%**	32.3%

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP		**THE COMPANY**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments	**897,761**	36,088	**—**	—
FVTPL — Held for trading	**155,214**	156,365	**—**	—
Loans and receivables	**1,036**	1,352	**1,371,114**	838,512
Cash and cash equivalents	**715,343**	399,244	**367,597**	32,646
Financial liabilities				
Amortised cost	**1,570,056**	570,247	**1,534,153**	497,667

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The management monitors and manages the financial risks relating to the operations of the Group through various internal management reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures such risks.

(c) Foreign currency risk management

Some of the Group's transactions were conducted in foreign currencies other than the functional currency of the operations to which they related. Certain bank balances and deposits of the Group are also denominated in foreign currencies other than the functional currency of the group entities. Hence, exposures to exchange rate fluctuations arise. The Group manages its foreign currency risks by constantly monitoring the movement of the foreign exchange rates.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the operations to which they relate at the end of the reporting period is as follows:

	Assets		**Liabilities**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
US$	**51,033**	9,188	**—**	—
RMB	**16,374**	15,623	**—**	—
Japanese Yen ("JPY")	**3,908**	—	**—**	
	71,315	24,811	**—**	—
THE COMPANY				
US$	**50,854**	8,192	**—**	—
RMB	**10,863**	10,363	**—**	—
	61,717	18,555	**—**	—

The policies to manage the foreign currency risk have been followed by the Group since prior years and are considered to be effective.

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Foreign currency risk management *(Continued)*

Foreign currency sensitivity

As HK$ is currently pegged to US$, management considers that the exposure to exchange fluctuation in respect of US$ is limited as the relevant group entities have HK$ as their functional currency. The Group therefore mainly exposed to other currencies.

The following table indicates the approximate change in the Group's and Company's profit or loss in response to reasonably possible changes in the foreign exchange rates to which the Group and the Company have significant exposure at the end of the prior reporting period.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date.

The stated changes represent the management's assessment of reasonably possible changes in foreign exchange rates over the next reporting period. Results of the analysis as presented in the below table represent an aggregation of the effects on each of the group entities' profit or loss measured in the respective functional currencies, translated into HK$ or US$ at the exchange rate ruling at the end of the reporting period for presentation purposes. A positive/(negative) numbers represented an increase/(a decrease) in profit in 2013 and 2012.

	2013		2012	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit or loss**	Increase/ (decrease) in foreign exchange rates	Effect on profit or loss
		HK$'000		HK$'000
THE GROUP				
RMB against HK$	**10%**	**1,637**	10%	1,562
	(10%)	**(1,637)**	(10%)	(1,562)
JPY against US$	**10%**	**391**	—	—
	(10%)	**(391)**	—	—
THE COMPANY				
RMB against HK$	**10%**	**1,086**	10%	1,036
	(10%)	**(1,086)**	(10%)	(1,036)

37. FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate risk management

The Group obtained financing through borrowings. As at 31 December 2013, the borrowings (Note 27) included the following:

— A bank loan bears interest on floating rates and will be wholly repayable in 2014.

— A loan from Grand Beauty Management Limited bears interest at the rate of three-month HIBOR plus 1.5% to 3.75% per annum and will be wholly repayable in 2023.

Accordingly, the Group is exposed to significant fair value interest rate risk. The Group analyses its interest rate exposure on a dynamic basis, but the Group did not use floating-to-fixed interest rate swaps in managing its cash flow interest rate risk.

The Group's bank balances and short-term bank deposits carry interest at market rates. In the opinion of the directors of the Company, the impact of the change in the interest rate on short-term bank deposits is negligible. Accordingly, the sensitivity analysis below only includes analysis on bank and other loans.

The policies to manage the interest rate risk have been followed by the Group since prior years and are considered to be effective.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments (representing variable rate bank borrowings as at 31 December 2013) and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used as it represents management's assessment of the possible change in interest rate.

If interest rates of borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's results for the year ended 31 December 2013 would increase/decrease by HK$7,494,000 (2012: HK$2,484,000).

(e) Other price risks

The Group is exposed to price risk through its available-for-sale investments measured at fair value (Note 20) and the investment held for trading (Note 23), comprising listed equity securities measured at fair value at the end of the reporting period.

37. FINANCIAL INSTRUMENTS *(Continued)*

(e) Other price risks *(Continued)*

Listed equity securities held in the portfolio of available-for-sale investments have been chosen based on their growth potential and are monitored regularly for performance against expectations. The management also performed analysis of the nature of market risk associated with the equity securities held for trading, including discussion with the investment advisors, and concluded that the price risk is more prominent in evaluating the market risk of this kind of investments. The management manages this exposure by maintaining a portfolio of investments with different risk profiles in accordance with the limits set by the Group and located in different jurisdictions.

Price sensitivity

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

The sensitivity analyses below have been determined based on the exposure to price risk at the end of the reporting period for the Group's investment held for trading. A 10% increase or decrease is used as it represents management's assessment of the possible change in price of equity securities.

If the prices of the listed equity securities held in the portfolio of available-for-sale investments had been 10% higher/lower, the Group's other comprehensive income would increase/decrease by HK$28,791,000 (2012: Nil) as a result of the changes in fair value of the listed equity securities held in the portfolio of available-for-sale investments.

If the prices of the respective equity securities had been 10% higher/lower, the Group's gain for the year ended 31 December 2013 would increase/decrease by HK$15,521,000 (2012: HK$15,637,000) as a result of the changes in fair value of financial instruments held-for-trading.

The Company is not exposed to other price risk as no listed equity investments held at the reporting date.

(f) Credit risk management

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and investments is limited because directors consider that the counterparties are financially sound.

The Company has concentration of credit risk as approximate 82% (2012: 96%) of the total assets of the Company were amounts due from subsidiaries.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

37. FINANCIAL INSTRUMENTS *(Continued)*

(g) Liquidity risk management

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

Liquidity information

The following tables detail the Group's and the Company's remaining contractual maturity for other non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows:

THE GROUP	Weighted average effective interest rate	Repayable on demand or less than 1 month	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2013							
Other payables and accrued charges	—	14,896	—	5,245	—	20,141	20,141
Borrowings	5.60	52,673	58,498	471,454	1,585,479	2,168,104	1,549,915
		67,569	58,498	476,699	1,585,479	2,188,245	1,570,056
31 December 2012							
Other payables and accrued charges	—	3,150	5	8,595	—	11,750	11,750
Borrowings	3.30	1,300	3,732	70,257	506,062	581,351	558,497
		4,450	3,737	78,852	506,062	593,101	570,247

THE COMPANY	Weighted average effective interest rate	Repayable on demand or no fixed terms of repayment or less than 1 month	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2013							
Other payables and accrued charges	—	8,427	—	—	—	8,427	8,427
Amounts due to subsidiaries	—	26,893	—	—	—	26,893	26,893
Borrowings	5.61	52,351	7,285	471,409	1,585,251	2,116,296	1,498,833
		87,671	7,285	471,409	1,585,251	2,151,616	1,534,153
31 December 2012							
Other payables and accrued charges	—	834	—	—	—	834	834
Borrowings	2.85	1,300	2,601	7,802	506,062	517,765	496,833
		2,134	2,601	7,802	506,062	518,599	497,667

37. FINANCIAL INSTRUMENTS *(Continued)*

(h) Fair value of financial instruments

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the statement of financial position

Certain available-for-sale investments and the financial instruments held for trading are measured subsequent to initial recognition at fair value, grouped into Level 2 and Level 1 respectively based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those available-for-sale investments (Notes 20 (b)(i), (ii) & (iii)) in Level 2 is the share of the net assets value of the funds at the end of the reporting period, taking into account the quoted price of the listed equity securities held by the funds.

As at 31 December 2013, the fair values of available-for-sale investment and financial instruments held for trading are HK$409,868,000 (2012: Nil) and HK$155,214,000 (2012: HK$156,365,000) respectively.

Other than set out in Notes 20 and 23, the fair values of other financial assets and all financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

38. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, which are described in Note 3, management has made various estimates and judgements which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and accounting judgements that result in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year or significantly affect the amounts recognised in the financial statements are discussed below:

(a) As described in Notes 3.4 and 16, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves estimates in market rental and rental yield. In relying on the valuation report, the directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

(b) The directors follow the guidance of HKAS 39 to review available-for-sale investments (Note 20) at the end of each reporting period to assess whether they are impaired. This determination requires significant judgement. In making this judgement, the directors evaluate the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

39. EVENT AFTER THE REPORTING PERIOD

(a) Acquisition of unlisted investment in the PRC

On 9 January 2014, 盛洋(北京)投資顧問有限公司, an indirectly wholly-owned PRC subsidiary of the Company entered into a share purchase agreement to acquire 5% unlisted equity interest in 北京互聯易房網路科技有限公司, a PRC entity at an aggregate cash consideration of approximately RMB1,500,000 (equivalent to approximately HK$1,908,000). The consideration was paid by cash on the same date. At the date of this report, the transfer of the shareholding of the PRC entity has not been completed and the Group does not have any control on the PRC entity.

39. EVENT AFTER THE REPORTING PERIOD *(Continued)*

(b) Acquisition of overseas investments

On 24 January 2014, Gemini Overseas Investments Limited ("Gemini Overseas"), an indirectly 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 Gemini Overseas 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$97,700,700). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land located at 127-141 A'Beckett Street, Melbourne, Australia.

In conjunction with the Subscription Agreement, Gemini Overseas, ICD Land and the Trustee also entered into an agreement (the "Securityholders Agreement") on the same day to regulate the affairs of the Trust and the Trustee.

The acquisition is expected to be completed immediately after fulfillment of the conditions precedent described in the Subscription Agreement as listed below:

(i) The Treasurer of Australia (or his delegate) provides written advice with or without conditions that there are no objections under Australia's foreign investment policy to the subscription; or

(ii) Following respective notices of subscription having been giving by the investor to the Treasurer of Australia under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth), the Treasurer of Australia ceases to be empowered to make any order pursuant to Part III of that Act because of lapse of time.

The condition(i) has been fulfilled on 24 January 2014 and approximately 25% of the total consideration of A$3,571,827 was paid on 29 January 2014. Details of the overseas investments were set out in the announcement of the Company dated 24 January 2014.

40. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital	Percentage of issued/ registered capital held by the Company 2013 %	2012 %	Principal activities
Gemini Investment (HK) Limited	Hong Kong	Hong Kong	HK$2	**100***	100*	Securities investment and trading
Top Pavilion Limited	British Virgin Islands ("BVI")	Hong Kong	US$1	**100**	—	Leasing office premise
Upper Ascent Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
Sheng Mao Investments Limited	BVI	Hong Kong	US$1	**100***	100*	Investment holding
Billion Thrive Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Jian Feng Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Keen Superior Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Talent Elite Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Ultimate Ventures Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Property investment
Precise Bloom Limited	BVI	Hong Kong	US$1	**100**	—	Property investment
Eminent Energy Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Global Charm Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Moral Smart Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
City Beyond Investments Limited	BVI	Hong Kong	US$1	**100***	—	Investment holding
Jin Ying Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Sunray City Investments Limited	BVI	Hong Kong	US$1	**100**	—	Investment holding
Fame Gate Developments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Glorious Field Investments Limited	BVI	Hong Kong	US$1	**100**	—	Investment holding
Swift Boom Investments Limited	BVI	Hong Kong	US$1	**100**	—	Investment holding
Gemini Overseas Investments Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Chance Bright Limited	Cayman Islands	Hong Kong	US$1	**100***	100*	Investment holding

40. SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Issued/ registered and fully paid capital	Percentage of issued/ registered capital held by the Company 2013 %	2012 %	Principal activities
Joy Sky Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100***	100*	Investment holding
Gemini Property Investments Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Gemini Property (HK) Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Investment holding
Soar Ocean Limited	BVI	Hong Kong	US$1	**100**	100	Inactive
Soar Profit Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Soar Talent Holdings Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Sheng Hai Limited	BVI	Hong Kong	US$1	**100**	100	Inactive
Huge Bloom Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Billion Fast Corporation Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
E.P. Resources Limited	Hong Kong	Hong Kong	HK$10,000	**100***	100*	Inactive
Max Energy Development Limited	Hong Kong	Hong Kong	HK$1	**100***	100*	Investment holding
Trendex Investment Limited	Hong Kong	PRC	HK$10,000	**–**	100*	Property investment
杭州盛能投資諮詢有限公司#	PRC	PRC	US$16,000	**100**	100	Investment holding
盛洋(北京)投資顧問有限公司#	PRC	PRC	RMB100,000	**100**	100	Investment holding and provision of fund management services

* Directly held by the Company

\# These companies established in the PRC are wholly owned foreign enterprises

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December,

	2009	2010	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	24,678	18,727	67,363	50,545	**186,676**
Profit/(Loss) before taxation	89,015	(24,965)	(16,527)	8,644	**43,868**
Taxation	(10,232)	(1,372)	(1,752)	(1,999)	**(4,715)**
Profit/(Loss) for the year	78,783	(26,337)	(18,279)	6,645	**39,153**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December,

	2009	2010	2011	2012	**2013**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	913,370	538,062	1,183,908	1,074,616	**2,121,161**
Total liabilities	(242,966)	(22,586)	(695,784)	(582,062)	**(1,576,556)**
	670,404	515,476	488,124	492,554	**544,605**
Equity attributable to:					
Owners of the Company	636,098	501,140	488,124	492,554	**544,605**
Non-controlling interests	34,306	14,336	—	—	**—**
	670,404	515,476	488,124	492,554	**544,605**

Corporate Information

BOARD OF DIRECTORS

Honorary Chairman

LI Ming

Executive Directors

SUM Pui Ying (Chief Executive Officer)
LI Zhenyu (Chief Operating Officer)
LAI Kwok Hung, Alex

Non-executive Directors

LI Ming (Honorary Chairman)
LI Hongbo

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
ZHENG Yun

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
ZHENG Yun

REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
ZHENG Yun

NOMINATION COMMITTEE

LI Ming (Chairman)
SUM Pui Ying
LAW Tze Lun
LO Woon Bor, Henry
ZHENG Yun

INVESTMENT COMMITTEE

SUM Pui Ying (Chairman)
LI Zhenyu
LAI Kwok Hung, Alex
LAW Tze Lun

COMPANY SECRETARY

YUE Pui Kwan

AUTHORISED REPRESENTATIVES

LAI Kowk Hung, Alex
YUE Pui Kwan

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

DBS Bank Limited
China Construction Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRAR

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 3902, 39/F., Lippo Centre Tower 1
89 Queensway
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk