



Gemini Investments (Holdings) Limited

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

盛洋投资



Strive For **Excellence**
in **Financial Investment**
& **Property Investment**



Interim Report **2012**



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FINANCIAL HIGHLIGHTS

(HKD' 000)	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited) (Re-presented)
Revenue	5,912	38,621
Loss before income tax	(10,159)	(10,593)
Loss for the period	(9,711)	(11,750)
Loss attributable to owners of the Company	(9,711)	(12,170)
Loss per share - basic (HK cents)	(2.2)	(2.7)
	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)
(HKD' 000)		
Total assets	1,042,569	1,183,908
Equity attributable to owners of the Company	474,805	488,124
Cash and cash equivalents	316,057	274,489
Net gearing ratio (times)	0.51	0.46

CHAIRMAN'S STATEMENT



On behalf of the board of directors (the “**Board**”), I am pleased to present the interim results of Gemini Investments (Holdings) Limited (the “**Company**”) and its subsidiaries (together our “**Group**” or “**We**”/“**we**”) for the six months ended 30 June 2012 (the “**Interim Period**”).

During the first half of 2012, our Group recorded a total revenue of approximately HK\$5,912,000 (for the first half of 2011: approximately HK\$38,621,000) and a loss attributable to shareholders of the Company of approximately HK\$9,711,000 (for the first half of 2011: approximately HK\$12,170,000). Accordingly, our Group recorded a loss per share of 2.2 HK cents in the first half of 2012 versus a loss per share of 2.7 HK cents in the first half of 2011.

The loss recorded in our Group during the Interim Period mainly resulted from the interest cost on our bank borrowing and slight unrealized loss recorded in the securities investment segment. The unrealized loss on our securities investment was due to the worse-than-expected performance of the global stock market in the first half of 2012 because of the concerns over the European sovereign debt problems which adversely affected the recovery of the global economy. With the stabilizing solutions offered and taken by the European government and the gradual interest rate cuts in the People's Republic of China (the “**PRC**”) aiming at stimulating the economy, we are confident that our Group can recover from the unrealized loss in the second half of 2012. In addition, the newly acquired investment properties, which were mostly completed in the second quarter of 2012, will commence to provide rental income contribution to our Group in the second half of 2012. As a result, the Board is confident with the current allocation of our Group's assets and remains optimistic towards the result in the second half of 2012.

In view of the loss recorded in the first half of 2012, the Board does not recommend any payment of interim dividend for the first half of 2012.

MARKET REVIEW AND OUTLOOK

Property Investment

The central banks of the United States (the “**US**”), Europe and the PRC all worked in the same direction to provide liquidity to the credit and financial market. In view of the prolonged low interest rate environment, the flooding of excess liquidity and the limited supply of land for new Grade-A offices near Central in Hong Kong, our Group perceived that the return of those Grade-A offices will remain strong and sustainable, even though short term rental yield may fluctuate. Since Grade-A offices can preserve the value of the property and is able to generate long-term stable rental income, our Group has strengthened our investment property portfolio through acquiring certain units with a total gross floor area of approximately 6,786 square feet in Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong for a consideration of HK\$130,766,500 and a total gross floor area of approximately 2,930 square feet in China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for a consideration of HK\$42,485,000 in the first half of 2012. We expect the investment properties currently held on hand will generate a stable cash flow to our Group, and we will keep looking for potential investment properties with good return in Hong Kong and in the PRC.

Sino Prosperity Real Estate Fund L.P. (the “**Fund**”), as our pilot project to invest in the property market in the PRC through investment fund structure, started to contribute management fee income to our Group after about a year of operation. Our Group remains optimistic towards and is satisfied with the performance of the Fund and takes the view that the investment return will be materialized and contributed to our Group in the second half of 2012.

CHAIRMAN'S STATEMENT

Securities Investment

Apart from property investment as mentioned above, securities investment continued to be one of the major business segments of our Group. As laid down by the Board at the beginning of 2012, the primary focus of securities investment of our Group is on blue-chip companies in Hong Kong, the PRC and the US, while setting aside part of the portfolio in investing in index fund and commodities e.g. gold.

At the beginning of 2012, the global financial market in general expected that there would be a recovery of economy from the trough and as a result the stock market was moving up in the first quarter of 2012. However, in the second quarter of 2012, the global financial market experienced challenges with the escalation of the European sovereign debt crisis, the anemic recovery in the US economy and the increasing suspicion on the possibility of a hard landing for the PRC economy. Therefore, at the end of the second quarter of 2012, both the Hang Seng Index and the Dow Jones Industrial Average dropped significantly from their highest points in the first quarter of 2012. Such sudden change towards a more pessimistic view on the financial stability and the economy of the global market was unexpected during the beginning of 2012. As a result, even though our Group had already taken a prudent approach in our securities investment decisions, we still recorded a slight loss during the first half of 2012.

Nevertheless, we believe that the value of quality blue-chip stocks will be reflected in the long run. Once the stock market recovers, there will be promising investment return towards our existing investment portfolio. Furthermore, towards the end of June 2012, the leaders in Europe reached a consensus to allow the European Stability Mechanism (ESM) to directly rescue the European banks with liquidity crisis. This action helped to ease the market sentiment and prevent any further deterioration of the situation. Not only we expect that leaders in the US and Europe will continue to take steps to alleviate the debt crisis, we also expect the PRC Government will gradually relax the austerity policy to stimulate the economic growth. Based on the above, we are optimistic towards the second half of 2012 and will continue to take a cautious approach in our investment.

Outlook

Our Group will continue to look for opportunities in our existing business segments including property investment and securities investment. In view of the fragile market environment, our Group will be prudent in exploring potential opportunities and will rank the preservation of capital value as the first priority during the expansion of our existing business segments.

The poor market sentiment may also bring along attractive opportunities in other business segments, especially for the cases in the PRC. Therefore, we will continue to be alert of various opportunities in the PRC, especially by leveraging the relationship with our largest shareholder Sino-Ocean Land Holdings Limited ("**Sino-Ocean Land**") in seeking attractive investment opportunities. We will also continue to evaluate our strategies and restructure our investment portfolio in order to maximize shareholder values and returns.

APPRECIATION

Bringing back significant returns for our shareholders is our goal. While remaining cautious towards our investments, we endeavor to do our best to strive for improvements in all aspects and to enhance the long-term growth potential of our Group. With the strong support from our largest shareholder Sino-Ocean Land, we believe that the future of our core business would be bright and sustainable.

Adrian SUM
Chairman

7 August 2012

MANAGEMENT DISCUSSION & ANALYSIS



FINANCIAL REVIEW

During the six months ended 30 June 2012 (the “**Interim Period**”), the Company and its subsidiaries (collectively our “**Group**”) recorded a total revenue of approximately HK\$5,912,000 (for the six months ended 30 June 2011: approximately HK\$38,621,000) and a loss attributable to owners of the Company of approximately HK\$9,711,000 (for the six months ended 30 June 2011: approximately HK\$12,170,000). A loss recorded in our Group during the Interim Period under review was mainly due to the loss arising from changes in the fair value of financial instruments held for trading of approximately HK\$3,251,000 and the finance cost of approximately HK\$7,778,000 from our borrowings. Consequently, our Group recorded a loss per share of 2.2 HK cents in the Interim Period versus a loss per share of 2.7 HK cents in the six months ended 30 June 2011.

The following is an analysis of our Group’s revenue for the Interim Period under review:

(HKD'000)	For six months ended 30 June 2012 (unaudited)	For six months ended 30 June 2011 (unaudited) (Re-presented)
Rental revenue	4,588	8,937
Dividend income	1,324	68
Sales of gold bullions	—	29,616
	5,912	38,621

Financial Resources and Liquidity

As at 30 June 2012, the cash and cash equivalents of our Group amounted to approximately HK\$316,057,000 (31 December 2011: approximately HK\$274,489,000).

As at 30 June 2012, our Group had a total borrowing of approximately HK\$557,224,000, of which approximately HK\$61,391,000 will be repayable in 2013 and approximately HK\$495,833,000 will be repayable in 2014. Apart from the above, our Group did not have any other interest bearing debt as at 30 June 2012. The net gearing ratio (total net debt divided by total shareholders’ equity) of our Group was 0.51 times (31 December 2011: 0.46 times).

Total assets and net current assets of the Group as at 30 June 2012 were approximately HK\$1,042,569,000 (31 December 2011: approximately HK\$1,183,908,000) and approximately HK\$609,925,000 (31 December 2011: approximately HK\$618,965,000) respectively. The current ratio (current assets divided by current liabilities) of our Group was approximately 10.1 times (31 December 2011: approximately 4.2 times). The net asset value of our Group as at 30 June 2012 was approximately HK\$474,805,000 (31 December 2011: approximately HK\$488,124,000).

MANAGEMENT DISCUSSION & ANALYSIS

Financial Guarantees

As at 30 June 2012 and 31 December 2011, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2012 and 31 December 2011, our Group did not have any pledged assets.

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

During the Interim Period, our Group's assets and liabilities were mainly denominated in Hong Kong dollars ("HKD"), United States dollars ("USD") and Renminbi ("RMB"). As HKD is pegged with USD and our RMB exposure mainly comes from our investment properties in the People's Republic of China (the "PRC"), while RMB remains stable against USD, the board of directors (the "Board") does not consider that our Group is exposed to any significant foreign currency exchange risk. The Board will closely monitor the foreign currency exchange risk exposure and will regularly review if any related hedging should be necessary.

OPERATION REVIEW

Property investment and securities investment remained as the core business segments of our Group in the first half of 2012. The following presents the performance of these two business segments:-

Property Investment

Total rental income for the Interim Period amounted to approximately HK\$4,588,000 (for the six months ended 30 June 2011: approximately HK\$8,937,000), representing a decrease of approximately HK\$4,349,000. The decrease was attributed to our Group's disposal of the shares of a non-wholly owned subsidiary of the Company, Klendo Limited, which held certain units in Novel Building in Shanghai in 2011, while the newly acquired investment properties were mostly completed in the second quarter of 2012 and hence their actual contribution towards rental income will only be reflected in the second half of 2012.

MANAGEMENT DISCUSSION & ANALYSIS



Details of the properties of our Group as at 30 June 2012 are stated below:

Investment properties and address	Used	Total gross floor area (square feet)	Our Group's interest %
In Hong Kong:			
Unit 2310 to 2312 on 23rd Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Offices	3,203	100%
Unit No. 2119 and 2120 on 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Offices	2,930	100%
Unit 3701 on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Offices	2,388	100%
Unit 3702A on 37th Floor, Tower Two Lippo Centre, No. 89 Queensway, Hong Kong	Offices	1,195	100%
In the PRC:			
Unit 1501-1512 on 15th floor of Shui On Plaza, No. 333 Huaihai Road Central, Luwan District, Shanghai, the PRC	Offices	2,575	100%

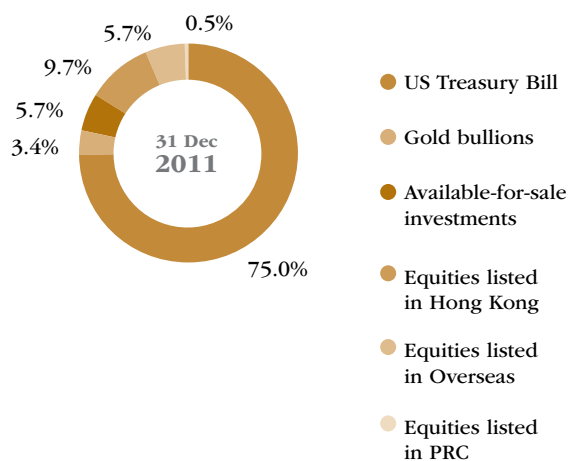
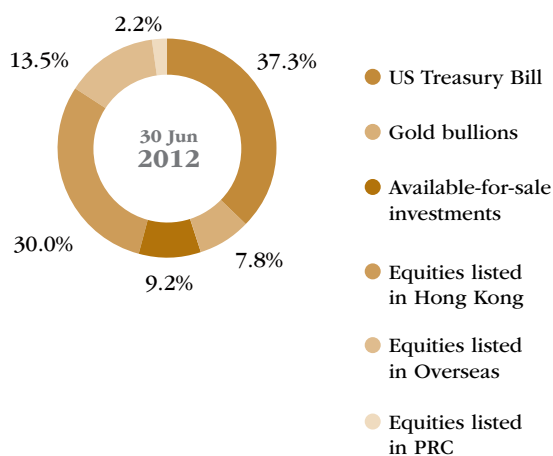
Our Group will remain focused on this business segment and will continue to keep searching for good property investments opportunities.

MANAGEMENT DISCUSSION & ANALYSIS

Securities Investment

An analysis of the securities portfolio of our Group in terms of types of securities as at 30 June 2012 is as follows:-

Market Value as at (HKD'000)	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)
Financial instruments held for trading	180,431	88,709
US Treasury Bill	147,427	420,116
Gold bullions	30,950	19,218
Available-for-sale investments	36,305	31,766
Of which: Distribution of financial instruments held for trading		
Equities – Hong Kong	118,586	54,243
Equities – Overseas	53,295	31,928
Equities – PRC	8,550	2,538
Available-for-sale investments		
Equities – PRC	36,305	31,766



Our Group recognised a total revenue for the Interim Period of about HK\$1,324,000 (for the six months ended 30 June 2011: about HK\$29,684,000) from securities investment which represents dividend income about HK\$1,324,000 (for the six months ended 30 June 2011: about HK\$68,000) and revenue from trading of gold bullions about nil (for the six months ended 30 June 2011: about HK\$29,616,000). There is no revenue from trading of gold bullions for the Interim Period because the market price of gold bullions continued to drop during the period. On the other hand, gain from the trading of our financial assets for the Interim Period was about HK\$2,349,000 (for the six months ended 30 June 2011: about HK\$12,214,000). Our Group also recorded an unrealised holding loss of approximately HK\$5,600,000 (for the six months ended 30 June 2011: approximately HK\$444,000) from the fair value changes of our remaining securities portfolio during the Interim Period.

MANAGEMENT DISCUSSION & ANALYSIS



The market value of our total investment portfolio as at 30 June 2012 amounted to approximately HK\$395,113,000 (31 December 2011: approximately HK\$559,809,000). Total investment portfolio decreased mainly because the Group reduced its exposure on the US Treasury Bill in view that the return (including the coupon) from the US Treasury Bill in the first half of 2012 was not as attractive as the case in the last quarter of 2011. The management of the Group is pleased to maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market. With about HK\$316,057,000 in cash and bank deposits as at 30 June 2012, we believe that we have the capacity to upsize our investment portfolio when market opportunity arises.

Segment information

An analysis of our Group's turnover and contribution to operating result for the Interim Period by our principal activities is set out in note 4 to the condensed consolidated financial statements of this interim report.

Employees

As at 30 June 2012, the total number of staff employed was 24 (30 June 2011: 10). The increase in the number of staff was in line with the increase in the scale of the property investment segment of our 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 performance and prevailing salary levels in the market. With a view to encouraging and rewarding the contribution made by our staff, our Group has adopted a share option scheme and believes that this will be an effective tool for achieving this purpose.

Contingent liabilities

As at 30 June 2012, our Group had no significant contingent liabilities.

INDEPENDENT REVIEW REPORT



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To the Board of Directors of Gemini Investments (Holdings) Limited

盛洋投資(控股)有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 26, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the “Company”) as of 30 June 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

BDO Limited

Certified Public Accountants

Li Wing Yin

Practising Certificate Number P05035

Hong Kong, 7 August 2012

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

CONDENSED CONSOLIDATED INCOME STATEMENT



	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (Re-presented)
Sales proceeds from disposal of financial instruments held for trading	3	<u>633,365</u>	<u>74,531</u>
Turnover	4	5,912	38,621
Changes in inventories of gold bullions		(544)	(29,041)
Other income	5	1,771	89
Staff costs		(2,970)	(659)
Depreciation		(96)	(58)
Other expenses		(3,717)	(4,152)
(Loss)/Gain arising from changes in fair value of financial instruments held for trading	3	(3,251)	11,770
Gain arising from changes in fair value of investment properties		—	831
Provision for impairment loss on disposal group		—	(27,994)
Share of results of jointly controlled entities		514	—
Finance costs	6	<u>(7,778)</u>	<u>—</u>
Loss before income tax		(10,159)	(10,593)
Income tax	7	<u>448</u>	<u>(1,157)</u>
Loss for the period		<u>(9,711)</u>	<u>(11,750)</u>
Loss for the period attributable to:			
Owners of the Company		(9,711)	(12,170)
Non-controlling interests		—	420
		<u>(9,711)</u>	<u>(11,750)</u>
Loss per share for loss attributable to owners of the Company during the period	8	HK cents	HK cents
– Basic		(2.2)	(2.7)
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(9,711)	(11,750)
Other comprehensive income		
Exchange differences on translation of foreign operations	<u>(3,608)</u>	<u>7,152</u>
Total comprehensive income for the period	<u>(13,319)</u>	<u>(4,598)</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>(13,319)</u>	<u>(5,384)</u>
Non-controlling interests	<u>—</u>	<u>786</u>
	<u>(13,319)</u>	<u>(4,598)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Notes	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Non-Current Assets			
Investment properties	10	323,859	142,593
Property, plant and equipment		352	424
Interests in jointly controlled entities	11	5,045	4,531
Available-for-sale investments	12	36,305	31,766
Refundable deposit paid	13	—	185,025
Deposit for acquisition of investment properties		—	9,690
		<u>365,561</u>	<u>374,029</u>
Current Assets			
Deposits and prepayments		749	5,802
Amounts due from jointly controlled entities	11	869	1,105
Amount due from a fellow subsidiary	18	525	440
Financial instruments held for trading	14	327,858	508,825
Other investment	15	30,950	19,218
Short-term bank deposits		75,395	529
Bank balances and cash		240,662	273,960
		<u>677,008</u>	<u>809,879</u>
Current Liabilities			
Other payables and accrued charges		5,692	5,137
Refundable deposit received	13	—	185,025
Taxation payable		—	752
Borrowings	16	61,391	—
		<u>67,083</u>	<u>190,914</u>
Net Current Assets		<u>609,925</u>	<u>618,965</u>
Total Assets Less Current Liabilities		<u>975,486</u>	<u>992,994</u>
Capital and Reserves			
Share capital	17	22,275	22,275
Reserves		452,530	465,849
Total Equity		<u>474,805</u>	<u>488,124</u>
Non-Current Liabilities			
Deferred tax liabilities		4,848	4,870
Borrowings	16	495,833	500,000
		<u>500,681</u>	<u>504,870</u>
Total Equity and Non-Current Liabilities		<u>975,486</u>	<u>992,994</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Attributable	Non-	Total HK\$'000
						to owners of the Company HK\$'000	controlling interests HK\$'000	
At 1 January 2011	22,275	153,728	—	26,954	298,183	501,140	14,336	515,476
Other comprehensive income								
– Exchange differences on translation of foreign operations	—	—	—	6,786	—	6,786	366	7,152
(Loss)/Profit for the period	—	—	—	—	(12,170)	(12,170)	420	(11,750)
Total comprehensive income for the period	—	—	—	6,786	(12,170)	(5,384)	786	(4,598)
Contribution from non-controlling interests	—	—	—	—	—	—	3,713	3,713
At 30 June 2011	22,275	153,728	—	33,740	286,013	495,756	18,835	514,591
At 1 January 2012	22,275	153,728	5,579	27,058	279,484	488,124	—	488,124
Other comprehensive income								
– Exchange differences on translation of foreign operations	—	—	—	(3,608)	—	(3,608)	—	(3,608)
Loss for the period	—	—	—	—	(9,711)	(9,711)	—	(9,711)
Total comprehensive income for the period	—	—	—	(3,608)	(9,711)	(13,319)	—	(13,319)
At 30 June 2012	22,275	153,728*	5,579*	23,450*	269,773*	474,805	—	474,805

* The total of these balances represents reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	165,794	(22,977)
Investing activities		
Deposits received from disposal of a subsidiary	—	10,000
Consideration paid for acquiring investment properties	(172,233)	—
Purchase of property, plant and equipment	(27)	(117)
Interest income received	1,771	89
Other investing activities	(4,656)	67
Repayment/advance to a fellow subsidiary	(85)	(10,774)
Advance to jointly controlled entities	236	—
Refundable deposit paid	(185,025)	—
Refundable deposit received	182,895	—
Net cash used in investing activities	(177,124)	(735)
Financing activities		
New loan raised	61,391	—
Interest expenses paid	(7,778)	—
Advance from ultimate holding company	—	165
Repayment to non-controlling shareholders of subsidiaries	—	(335)
Net cash generated from/(used in) financing activities	53,613	(170)
Net increase/(decrease) in cash and cash equivalents	42,283	(23,882)
Cash and cash equivalents at beginning of the period	274,489	128,471
Effect of foreign exchange rate changes	(715)	10
Cash and cash equivalents at end of the period	316,057	104,599
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	75,395	32,337
Bank balances and cash	240,662	72,262
	316,057	104,599

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of Gemini Investments (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2012 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which collective term includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”)), and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2011.

For the better understanding of the financial performance achieved by the Group, the directors of the Company (the “Directors”) disclosed the sales proceeds of the financial instruments held for trading in the condensed consolidated income statement, although such disclosure is not required under Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements”.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations (“new or revised HKFRSs”) issued by HKICPA. The application of the new and revised HKFRSs in the current period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2012

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Offset Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income ³
HKAS 19 (Amendment)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities ⁴
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
Annual Improvements 2009-2011 Cycle	Amendments to a Number of HKFRSs Contained in Annual Improvements 2009-2011 Cycle Issued in June 2012 ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2015

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2014

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

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

The sales proceeds of the financial instruments held for trading by the Group (note 14) disposed of during the interim periods of 2012 and 2011 amounted to approximately HK\$633,365,000 and HK\$74,531,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the interim periods of 2012 and 2011, 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 "(Loss)/Gain arising from changes in fair value of financial instruments held for trading" in the condensed consolidated income statement in accordance with the Group's accounting policies which comply with Hong Kong Accounting Standard 39.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

4. SEGMENT INFORMATION

Information reported to the executive Director 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.

The Group has identified the following reportable segments for its operating segments:

1. Property investments – rental income from leasing of office properties
2. Securities and other investments – investing in various securities and generating investment income

The following is an analysis of the Group's revenue and results by reportable segments for the period under review:

Six months ended 30 June 2012

	Property investments HK\$'000 (Unaudited)	Securities and other investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	4,588	634,689	639,277
Less: Sales proceeds from disposal of financial instruments held for trading	—	(633,365)	(633,365)
Turnover as presented in condensed consolidated income statement	<u>4,588</u>	<u>1,324</u>	<u>5,912</u>
Segment results	<u>3,534</u>	<u>(3,722)</u>	(188)
Interest income from bank deposits			1,771
Share of results of jointly controlled entities			514
Finance costs			(7,613)
Unallocated corporate expenses			<u>(4,643)</u>
Loss before income tax			<u>(10,159)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2012

4. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2011

	Property investments HK\$'000 (Unaudited)	Securities and other investments HK\$'000 (Unaudited) (Re-presented)	Consolidated HK\$'000 (Unaudited) (Re-presented)
Segment revenue	8,937	104,215	113,152
Less: Sales proceeds from disposal of financial instruments held for trading	—	(74,531)	(74,531)
Turnover as presented in condensed consolidated income statement	<u>8,937</u>	<u>29,684</u>	<u>38,621</u>
Segment results	<u>7,768</u>	<u>11,499</u>	19,267
Interest income from bank deposits			89
Provision for impairment loss on disposal group			(27,994)
Unallocated corporate expenses			<u>(1,955)</u>
Loss before income tax			<u>(10,593)</u>

Except for the inclusion of sales proceeds from disposal of financial instruments held for trading in the segment revenue of securities and other investments reported to the chief operating decision makers, the accounting policies of the operating segments under HKFRS 8 are the same as the Group's accounting policies. Segment results represent the profit or loss before tax by each segment without allocation of interest income from bank deposits, provision for impairment loss on disposal group, share of results of jointly controlled entities, unallocated corporate expenses (including central administration costs and Directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

4. SEGMENT INFORMATION (Continued)

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

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Property investments	324,577	152,842
Securities and other investments	<u>395,583</u>	<u>559,809</u>
Total segment assets	720,160	712,651
Unallocated	<u>322,409</u>	<u>471,257</u>
Total assets	<u>1,042,569</u>	<u>1,183,908</u>

Segment assets include all assets with the exception of corporate assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

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

5. OTHER INCOME

Other income represents interest income from bank deposits of HK\$1,771,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$89,000).

6. FINANCE COSTS

The finance costs represent interest on borrowings wholly repayable within five years (six months ended 30 June 2011: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2012

7. INCOME TAX

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax	—	—
Profits tax outside Hong Kong	256	1,095
	<u>256</u>	<u>1,095</u>
Over provision in prior years:		
Profits tax outside Hong Kong	(704)	—
	<u>(448)</u>	<u>1,095</u>
Deferred tax:		
Current period	—	62
Income tax (credit)/expense	<u>(448)</u>	<u>1,157</u>

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

Under the Law of the People's Republic of China (the "PRC") 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% (six months ended 30 June 2011: 25%).

8. LOSS PER SHARE

The calculation of the loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$9,711,000 (six months ended 30 June 2011: HK\$12,170,000) and on 445,500,000 ordinary shares (six months ended 30 June 2011: 445,500,000 ordinary shares) in issue during the period.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue in both periods presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

9. DIVIDEND

The Directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2011: nil).

10. INVESTMENT PROPERTIES

During the six months ended 30 June 2012, the Group acquired four investment properties which are located in Hong Kong, at a total consideration (including transactions costs) of approximately HK\$181,923,000.

The investment properties of the Group consist of medium-term lease land and buildings held in the PRC and Hong Kong.

The fair value of one of the Group's investment properties located in Shanghai as at 30 June 2012 have been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The valuation report on the property was signed by a director of BMI Appraisals Limited who is a member of the Hong Kong Institute of Surveyors. The valuation of the property was arrived at using the basis of capitalisation of the net income. In the valuation, the market rentals of all lettable units of the properties are assessed and capitalised at market yield expected by investors for this type of properties. The capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions and the valuer's knowledge of the market expectation from property investors.

The fair value of the Group's investment properties located in Hong Kong as at 30 June 2012 is estimated by the Directors of the Company. The valuation of the properties was arrived by reference to the market information published by the Rating and Valuation Department of Hong Kong and the market rentals of all lettable units of the properties.

Due to the carrying amounts of the investment properties approximate to their fair values as at 30 June 2012, no gain or loss from changes in fair value during the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$831,000) was recognised directly in profit or loss accordingly.

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2012

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Unlisted investments, at cost	3,525	3,525
Share of post-acquisition profits and other comprehensive income	1,520	1,006
	5,045	4,531

As at 30 June 2012, the Group has interests in the following significant jointly controlled entities:

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

Name of principal subsidiary of jointly controlled entity	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Proportion of issued share capital directly held by the Group	Principal activities
Sino Prosperity Real Estate (GP) L.P.	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment holdings

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

As at 30 June 2012, the Group has outstanding commitments to make capital contribution to a jointly controlled entity, Sino Prosperity Real Estate (GP) L.P., an entity principally involved in PRC property development project, of approximately U. S. dollars ("US\$") 586,000 (31 December 2011: US\$586,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Unlisted equity investments, at cost	<u>36,305</u>	<u>31,766</u>

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.

Included in the unlisted equity investments, the Group committed to inject capital of US\$2,000,000 into an unlisted entity pursuant to the investment contract. As at the end of the reporting period, US\$1,400,000 (31 December 2011: US\$800,000) was paid and classified as available-for-sale investments, while the remaining balance shall be paid within 3 years from the date of the contract, i.e. on or before 28 July 2014. Under the contract, if the Group does not pay the remaining balance, the investee may give notice on the potential forfeiture of the shares held by the Group that are called but have not yet been fully paid-up.

13. REFUNDABLE DEPOSITS PAID/RECEIVED

On 23 August 2011, two wholly-owned subsidiaries of the Company, Max Energy Development Limited (“Max”) and 杭州盛能投資諮詢有限公司 (“HZ Max”), entered into a memorandum of understanding (“MOU”) with an independent third party in Hong Kong for investment cooperation. The third party will help the Group to solicit potential property investment opportunities in Hong Kong and overseas. In return, the Group will help the third party to source for investment opportunities in the PRC. To facilitate the investment cooperation of future joint investment, which may or may not take place, Max paid RMB150,000,000 equivalent Hong Kong dollars to the third party as refundable deposit. Under this arrangement, even if potential projects are identified with terms and conditions subject to further negotiation, the Group still retains full discretion power to decide whether to invest in and whether to use any part or all of the deposit as consideration of future suitable projects. The deposit paid, is fully secured by an amount of RMB150,000,000, on a back to back basis, paid by the third party to HZ Max in the PRC. Both the deposits paid and received are interest-free and repayable on demand. Given that the cooperation is to find suitable investment opportunities, the Directors did not expect to call back the refundable deposits within one year from 31 December 2011. Based on this expectation, this amount was classified as non-current as at 31 December 2011.

In view of the poor market sentiment arising from the concern on European Sovereign debt crisis and no suitable offshore opportunities found by the third party since the signing of the MOU, as a result, on 15 June 2012, Max, HZ Max and the third party agreed to terminate the investment cooperation under the MOU by entering into a supplementary agreement, under which the refundable deposit paid and received have been fully refunded and repaid before the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30 June 2012

14. FINANCIAL INSTRUMENTS HELD FOR TRADING

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Listed securities:		
– Equity securities listed in Hong Kong	118,586	54,243
– Equity securities listed in the PRC and the United States of America (“US”)	61,845	34,466
– Debts securities listed in US	147,427	420,116
	327,858	508,825

The fair value of all listed securities are determined by reference to the quoted market bid price available to 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 HK and US stock markets; and fluctuation of commodity price etc.

15. OTHER INVESTMENT

Other investment represents inventory of gold bullions stated at fair values 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.

16. BORROWINGS

The short term borrowing of the Group represents entrusted loan in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary. It is unsecured, wholly repayable in May 2013 and bearing interest at floating rates. The average interest rate for the Group as at 30 June 2012 is 7.34% per annum (31 December 2011: nil).

The bank borrowing of the Group under non-current liabilities is unsecured, wholly repayable in 2014 and bearing interest at floating rates. The average interest rate for the Group as at 30 June 2012 is 2.60% (31 December 2011: 2.69%) per annum. The bank borrowing is guaranteed by Sino-Ocean Land Holdings Limited, the ultimate holding company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

17. SHARE CAPITAL

	30 June 2012		31 December 2011	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
Ordinary shares of HK\$0.05 each				
Authorised:				
At 1 January	4,200,000,000	210,000	700,000,000	35,000
Increase on 23 June 2011 (note)	—	—	3,500,000,000	175,000
At 30 June and 31 December	<u>4,200,000,000</u>	<u>210,000</u>	<u>4,200,000,000</u>	<u>210,000</u>
Issued and fully paid:				
At 1 January, 30 June and 31 December	<u>445,500,000</u>	<u>22,275</u>	<u>445,500,000</u>	<u>22,275</u>

Note:

As approved by the shareholders at the extraordinary general meeting held on 23 June 2011, the Company increased its authorised share capital from HK\$35,000,000 to HK\$210,000,000 by the creation of 3,500,000,000 ordinary shares of HK\$0.05 each.

18. RELATED PARTY TRANSACTIONS

The amount due from a fellow subsidiary is unsecured, interest-free and has no fixed terms of repayment.

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2012 is HK\$450,000 (six months ended 30 June 2011: HK\$237,000).

Other than the advances and transactions disclosed elsewhere in the Interim Financial Statements, the Group does not enter into any other significant transactions with related parties.

19. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2012, among the additions of investment properties of approximately HK\$181,923,000, deposit of acquisition of investment properties of HK\$9,690,000 had been paid during the year ended 31 December 2011 (six months ended 30 June 2011: nil).

20. COMPARATIVE FIGURES

Certain comparative figures set out in the condensed consolidated income statement have been re-presented to conform with current period's presentation.



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

As at 30 June 2012, the interests of the directors (the “**Directors**”) and the chief executive of the Company in the shares, underlying shares in respect of equity derivatives and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), were as follows:

The letter “**L**” denotes a long position in the shares or underlying shares of equity derivatives of the Company and its associated corporation(s).

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

Under the share option scheme of the Company, share options were granted to the following Directors which entitled them to subscribe for the shares of the Company and accordingly they were regarded as interested in the underlying shares of the Company. Details of the share options of the Company held by them during the six months ended 30 June 2012 (the “**Interim Period**”) were as follows:-

Name of Directors	Capacity	Exercise period	Number of shares in the Company over which options are exercisable				Exercise price per share HK\$	Approximate percentage of interest in the issued share capital of the Company as at 30 June 2012
			Balance as at 1 January 2012	Granted during the Interim Period	Exercised during the Interim Period	Balance as at 30 June 2012		
LI Zhenyu	Beneficial owner	26 August 2011- 22 June 2021	4,000,000(L) (Note)	—	—	4,000,000(L)	1.40	0.90%
SUM Pui Ying	Beneficial owner	26 August 2011- 22 June 2021	2,000,000(L) (Note)	—	—	2,000,000(L)	1.40	0.45%

Note: These share options of the Company which remained outstanding as at 1 January 2012 were granted to the above Directors on 26 August 2011 pursuant to the share option scheme of the Company, with an exercise price of HK\$1.40 per share and an exercise period from 26 August 2011 to 22 June 2021.

OTHER INFORMATION

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

Sino-Ocean Land Holdings Limited (“**Sino-Ocean Land**”) is the ultimate holding company of the Company and is therefore within the meaning of “associated corporation” of the Company under Part XV of the SFO.

As at 30 June 2012, the interests of the Directors in the shares of 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 30 June 2012
LI Zhenyu	Beneficial owner	127,110(L)	0.0022%
SUM Pui Ying	Beneficial owner	355,870(L)	0.0062%
LI Hongbo	Beneficial owner	28,435(L)	0.0005%

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 early 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.



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

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 30 June 2012 were as follows:-

Name of Directors	Capacity	Date of grant (the "Award Date")	Number of shares in Sino-Ocean Land awarded but not yet vested as at 30 June 2012	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 30 June 2012
LI Zhenyu	Beneficial owner	18 March 2011	140,490(L) (Note)	0.0024%
SUM Pui Ying	Beneficial owner	18 March 2011	393,330(L) (Note)	0.0068%
LI Hongbo	Beneficial owner	18 March 2011	196,665(L) (Note)	0.0034%

Note: Pursuant to the terms of the share awards, a total of 267,600, 749,200 and 374,600 shares in Sino-Ocean Land respectively awarded to Messrs. LI Zhenyu, SUM Pui Ying and LI Hongbo (the "Award Shares") on the Award Date were not vested in the aforesaid Directors immediately but, subject to the provisions of the restricted share award scheme, the Award Shares will be vested in them in accordance with the following timetable:-

Vesting date	Percentage of the Award Shares to be vested
12 months from the Award Date	40%
15 months from the Award Date	7.5%
18 months from the Award Date	7.5%
21 months from the Award Date	7.5%
24 months from the Award Date	7.5%
27 months from the Award Date	7.5%
30 months from the Award Date	7.5%
33 months from the Award Date	7.5%
36 months from the Award Date	7.5%

Up to the end of the Interim Period, a total of 127,110, 355,870 and 177,935 shares in Sino-Ocean Land were respectively vested in Messrs. LI Zhenyu, SUM Pui Ying and LI Hongbo during the Interim Period (whereas Mr. LI Hongbo sold 149,500 shares out of his 177,935 vested Award Shares on 13 June 2012), and the rest of the Award Shares (being 140,490 shares for Mr. LI Zhenyu, 393,330 shares for Mr. SUM Pui Ying and 196,665 shares for Mr. LI Hongbo) will be vested in them in accordance with the above timetable.

OTHER INFORMATION

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

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 movement of the share options of Sino-Ocean Land held by them during the Interim Period were as follows:-

Name of Directors	Capacity	Date of grant of share options	Exercise period (Notes) (6)	Number of shares in Sino-Ocean Land over which options are exercisable				Exercise price per share HK\$	Approximate percentage of interest of such share options held as at 30 June 2012 relative to the issued share capital of Sino-Ocean Land as at 30 June 2012
				Balance as at 1 January 2012	Granted during the Interim Period	Exercised during the Interim Period	Balance as at 30 June 2012		
LI Zhenyu	Beneficial owner	28-9-2007	(1)	562,000(L)	—	—	562,000(L)	7.70	0.0097%
		19-9-2008	(2)	160,000(L)	—	(160,000)(L)	—	2.55	0.00%
		30-7-2009	(3)	300,000(L)	—	—	300,000(L)	8.59	0.0052%
		5-10-2009	(4)	270,000(L)	—	—	270,000(L)	7.11	0.0047%
		12-1-2012	(5)	—	800,000(L)	—	800,000(L)	3.57	0.0139%
				Total:		Total:	Total:	Total:	
				1,292,000(L)	800,000(L)	(160,000)(L)	1,932,000(L)		0.0335%
SUM Pui Ying	Beneficial owner	28-9-2007	(1)	1,430,000(L)	—	—	1,430,000(L)	7.70	0.0248%
		19-9-2008	(2)	1,000,000(L)	—	—	1,000,000(L)	2.55	0.0173%
		30-7-2009	(3)	800,000(L)	—	—	800,000(L)	8.59	0.0139%
		5-10-2009	(4)	630,000(L)	—	—	630,000(L)	7.11	0.0109%
		12-1-2012	(5)	—	2,330,000(L)	—	2,330,000(L)	3.57	0.0404%
				Total:		Total:	Total:	Total:	
				3,860,000(L)	2,330,000(L)	—	6,190,000(L)		0.1073%
LI Hongbo	Beneficial owner	28-9-2007	(1)	570,000(L)	—	—	570,000(L)	7.70	0.0099%
		19-9-2008	(2)	300,000(L)	—	(100,000)(L)	200,000(L)	2.55	0.0035%
		30-7-2009	(3)	250,000(L)	—	—	250,000(L)	8.59	0.0043%
		5-10-2009	(4)	200,000(L)	—	—	200,000(L)	7.11	0.0035%
		12-1-2012	(5)	—	720,000(L)	—	720,000(L)	3.57	0.0125%
				Total:		Total:	Total:	Total:	
				1,320,000(L)	720,000(L)	(100,000)(L)	1,940,000(L)		0.0337%



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

Notes:

1. Exercisable from 28 September 2008 to 27 September 2012.
2. Exercisable from 19 September 2009 to 18 September 2013.
3. Exercisable from 30 July 2010 to 29 July 2014.
4. Exercisable from 5 October 2010 to 4 October 2014.
5. Exercisable from 12 January 2013 to 11 January 2017.
6. 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.

Save as disclosed above, as at 30 June 2012, none of the Directors or chief executive of the Company had or were deemed under the SFO to have any interests or short positions in the shares, underlying shares in respect of equity derivatives and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SHARE OPTION SCHEME

At an extraordinary general meeting of the Company held on 23 June 2011, a share option scheme (the “**Share Option Scheme**”) of the Company was adopted by the shareholders of the Company.

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

The letter “L” denotes a long position in the shares of the Company.

	Exercise price per share HK\$	Balance as at 1 January 2012 (Note)	Number of shares of the Company over which options are exercisable				Balance as at 30 June 2012	Exercise period
			Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period		
Name of Directors								
Li Zhenyu	1.40	4,000,000(L) (Note)	—	—	—	—	4,000,000(L)	26 August 2011 – 22 June 2021
SUM Pui Ying	1.40	2,000,000(L) (Note)	—	—	—	—	2,000,000(L)	26 August 2011 – 22 June 2021
Employees of the Company and its subsidiaries	1.40	3,600,000(L) (Note)	—	—	—	—	3,600,000(L)	26 August 2011 – 22 June 2021
Total		<u>9,600,000(L)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,600,000(L)</u>	

Note: A total of 9,600,000 share options of the Company which remained outstanding as at 1 January 2012 as mentioned in the above table were granted to certain Directors and employees of the Company and its subsidiaries on 26 August 2011 pursuant to the Share Option Scheme, with an exercise price of HK\$1.40 per share and an exercise period from 26 August 2011 to 22 June 2021. All these share options granted above were not subject to any vesting period, and are fully vested and exercisable at any time during the exercise period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the restricted share award scheme and the share option scheme of Sino-Ocean Land as disclosed in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTEREST IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS” and the Share Option Scheme of the Company as disclosed in the section headed “SHARE OPTION SCHEME” above:-

- at no time during the Interim Period 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
- 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 Interim Period.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2012, so far as is known to any Director or chief executive of the Company, other than the interests 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 maintained by the Company pursuant to 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 30 June 2012
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 30 June 2012, 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.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has complied with the former and revised code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the Interim Period.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

At the request of the audit committee of the Company (the “**Audit Committee**”), the auditor of the Company and its subsidiaries (the “**Group**”) has carried out a review of the unaudited interim financial information of the Group for the six months ended 30 June 2012 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information of the Group for the six months ended 30 June 2012.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

In accordance with the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules, the Company has adopted codes of conduct relating to securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s codes of conduct regarding the Directors’ securities transactions throughout the Interim Period.

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 Interim Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the 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 throughout the Interim Period.



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 as 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.

On behalf of the Board

Adrian SUM

Chairman

7 August 2012

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

LI Zhenyu (Chief Executive Officer)

Non-executive Directors

SUM Pui Ying (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

SUM Pui Ying - Chairman

LAW Tze Lun

LO Woon Bor, Henry

ZHENG Yun

INVESTMENT COMMITTEE

LI Zhenyu - Chairman

SUM Pui Ying

LAW Tze Lun

COMPANY SECRETARY

NGAN Chui Wan

AUTHORIZED REPRESENTATIVES

SUM Pui Ying

NGAN Chui Wan

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 3709, 37/F.,

Lippo Centre Tower 2

89 Queensway

Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk