盛洋投资

Gemini Investments (Holdings) Limited

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

Strive For
Excellence
in Financial Investment &
Property Investment

2012
Annual Report

CONTENTS

Financial Highlights

(HK$'000)	**2012**	2011 (Re-presented)
Revenue	**50,545**	67,363
Profit/(loss) before income tax	**8,644**	(16,527)
Profit/(loss) for the year	**6,645**	(18,279)
Profit/(loss) attributable to owners of the Company	**6,645**	(18,699)
Earnings/(losses) per share – basic (HK Cents)	**1.49**	(4.20)

(HK$''000)	**2012**	2011
Total assets	**1,074,616**	1,183,908
Equity attributable to owners of the Company	**492,554**	488,124
Cash and cash equivalents	**399,244**	274,489
Net gearing ratio (times)	**0.32**	0.46

Chairman's Statement

Chairman's Statement

On behalf of the board of directors (the "**Board**"), I am pleased to present the annual report of Gemini Investments (Holdings) Limited (the "**Company**") and its subsidiaries (together our "**Group**" or "**We**"/"**we**") for the financial year ended 31 December 2012 (the "**Year**" or "**2012**").

FINANCIAL RESULTS AND OVERVIEW

The year of 2012 was a meaningful year for our Group. After about two years of restructuring on our investment portfolio, we began to observe returns from our various investments and achieved our key objectives to solidify and expand the core business segments, notwithstanding a backdrop of macroeconomic uncertainties. During 2012, our Group recorded a turnover of approximately HK$50,545,000 (2011: approximately HK$67,363,000) and a profit attributable to shareholders of the Company of approximately HK$6,645,000 (2011: a loss of approximately HK$18,699,000). These results were derived primarily from the returns from the three business segments, including property investment, securities investment and fund management.

The year of 2012 was marked as a year of vagaries. The re-election of the Eighteenth National People's Congress of the Communist Party of the People's Republic of China (the "**PRC**"), United Stated Presidential Election and European Integration will bring significant changes to the economy. The Board believes that significant changes often bring opportunities and challenges to the market. Therefore, the Board does not recommend any final dividend for the financial year of 2012 and intends to reserve more cash resources for further growth in 2013.

BUSINESS REVIEW

Property Investments

Despite the continuing uncertainty over the global market, benefited from the excessive liquidity with capital market, commercial property market price remained firm up in Hong Kong and in the PRC in 2012. During the Year, our Group recorded a rental income of approximately HK$4,083,000 and approximately HK$7,772,000 in Hong Kong and in the PRC respectively. The leasing market for Grade-A offices near Central District in Hong Kong witnessed a steady growth over the Year, supported by solid demand and limited supply for office and retail space. As a result, during 2012, investment properties with a total gross floor area of approximately 13,597 square feet were added into our investment property portfolio in Hong Kong, in order to capture impressive rental income growth and future capital gain.

Considering that the rental income growth of our property in the PRC has been lagging behind the market growth, and given that the commercial property market is getting better in the PRC, the Company entered into a sale and purchase agreement to dispose of its directly wholly-owned subsidiary which held our property in the PRC, Shui On Plaza, in February 2013 in order to help provide funding to our Group to support future property-related investments and to capture property investment opportunities with higher return.

Chairman's Statement

Securities Investment

Despite the uncertainties arising from the sluggish global economy, US fiscal cliff problem, as well as the Europe Sovereign Debt crisis, benefited from our prudent investment approach, our securities investment portfolio still recorded a considerable gain on securities investment during the Year, which mainly included gain from trading of our financial instruments held for trading of about HK$7,181,000 and unrealised holding gain from the fair value changes of our remaining securities portfolio of about HK$14,091,000. Such outstanding result was mainly attributable to our increasing weighting on equity in the second half of 2012. In September 2012, the US Federal Reserve launched Quantitative Easing III, in an attempt to maintain ample liquidity of the credit market and to revive the economy. At the same time, the Outright Monetary Transaction carried out by the European Central Bank successfully restored investors' confidence, which made the crisis exposed to the dawn. Excess liquidity with improved market confidence, together with better economic statistics of the PRC, led to the rebound of the Hang Seng Index by over 2,000 points to around 22,000 level during the same period of time.

In 2013, the US debt ceiling problem, the Europe Sovereign Debt crisis and the extreme moderate growth of global economy will remain the road blocks of the global investment universe. However, it is expected that leaders of major economies will continue to take steps to alleviate the problems and promote economic growth. In addition, bottom-out of economic data of the PRC since the last quarter of 2012 has revealed further growth potential in 2013. The Eighteenth National People's Congress of the Communist Party of the PRC which was successfully held will also foster a more stable investment environment in 2013. Our Group is optimistic towards 2013 and will take a proactive approach to minimize the risk, and meanwhile to secure decent returns from our investments.

Other Investments

Fund management business began to crystalize in 2012, including the result from the Sino Prosperity Real Estate Fund L.P. (the "**Real Estate Fund**"), through a share of result on joint venture. Revenue from fund management business increased to HK$2,921,000 (2011: Nil) and share of profit from joint venture increased to HK$2,184,000 (2011: HK$1,006,000). Our Group anticipates that fund management business will continue to grow. Moreover, our Group has a positive view on the long-term outlook for the PRC and believes that the PRC market offers ample investment opportunities. Therefore our Group will continuously endeavor to seek for other property-related investment opportunities in the PRC so as to further broaden its income base.

OUTLOOK

2013 will be a year full of opportunities. Even in the presence of the US debt ceiling problem and the Europe Sovereign Debt crisis, global economic data still have picked up since the last quarter of 2012. As the market sentiment is improving, capital starts to flow out from the US treasury to other risky assets, as well as to the real economy. The moderate restoration of consumer confidence around the globe, together with the expectation of further accommodating monetary measures from major central banks, constitutes a more sustainable growth potential to global economy. In particular, the recovery signs in the PRC are even more prominent. Apart from the continuing improvement of the PRC's economic data, the smooth political transition has also contributed to create a far more promising and sustainable investment environment for both investors and entrepreneurs in the PRC, which is crucial to its further economic recovery.

With such a promising outlook over 2013, our Group will strive to seek for new opportunities to expand our core business segments. We will also continue to optimize our assets structure to ensure funding security and balanced growth in our Group's core business segments. For property investment, we will endeavor to elevate the returns of our existing portfolio. Given the right circumstances, our Group will further acquire new investment properties to enlarge the portfolio. For securities investment, we will continue to take a proactive approach to attain the goal of risk minimization, and to secure lucrative returns from our investments simultaneously. For the segment of other investments, we will actively explore profitable investment opportunities to enlarge the scale of such business segment, especially business associated with real estate, finance and investment in order to enhance the revenue for the real estate and finance segments. In particular, property-related projects in the PRC would be one of our Group's main focuses in future.

Looking forward to the future development, we are confident in our Group's prospect. Our Group will continue to grow our recurrent earnings by implementing the existing proactive but prudent approach in securities investment, and by optimizing existing investment property portfolio. Our Group will also seek for additional growth by acquiring new investment projects under right circumstances and after extensive assessments, aiming at maximizing the shareholders' value with minimal risk exposure.

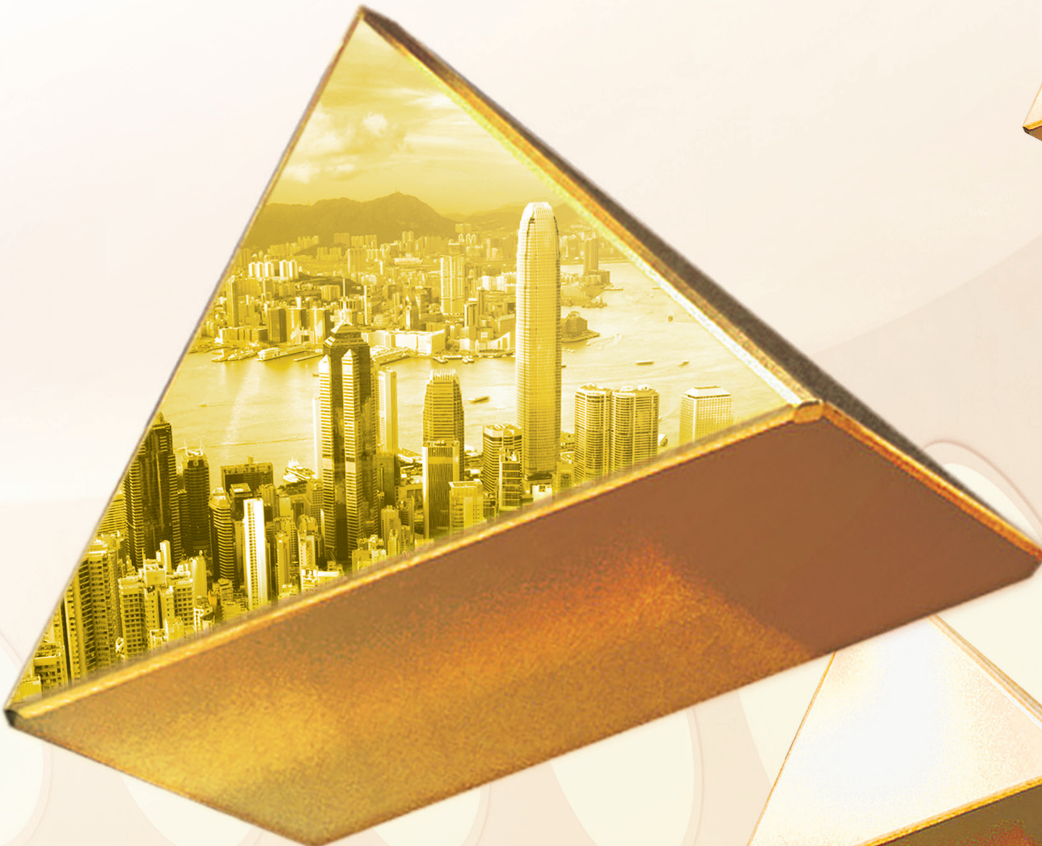
APPRECIATION

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

Adrian SUM
Chairman

Hong Kong, 28 February 2013

Management Discussion & Analysis



FINANCIAL REVIEW

During 2012, our Group recorded a total revenue of approximately HK$50,545,000 (2011: approximately HK$67,363,000) and a profit attributable to owners of the Company of approximately HK$6,645,000 (2011: a loss of approximately HK$18,699,000). A profit recorded in our Group during the financial year ended 31 December 2012 (the "**Year**") was mainly due to the gain arising from changes in the fair value of financial instruments held for trading of approximately HK$21,272,000 and rental income on investment properties of approximately HK$11,855,000, offset by the finance costs of approximately HK$16,682,000 from our borrowings. Consequently, our Group recorded a profit per share of 1.49 HK cents in 2012 versus a loss per share of 4.20 HK cents in 2011.

The following is an analysis of our Group's revenue for the Year:

	2012	2011
	HK$'000	HK$'000
		(Re-presented)
Rental revenue	**11,855**	12,272
Dividend income	**3,829**	600
Sales of gold bullions	**31,940**	54,491
Management fee income	**2,921**	—
	50,545	67,363

Financial Resources and Liquidity

As at 31 December 2012, the cash and cash equivalents of our Group amounted to approximately HK$399,244,000 (2011: approximately HK$274,489,000). The larger amount of cash level as at the end of 2012 was due to disposal of some of our securities investment in order to crystalize our gain.

As at 31 December 2012, our Group had a total borrowing of approximately HK$558,497,000, of which approximately HK$61,664,000 will be repayable in 2013 and approximately HK$496,833,000 will be repayable in 2014. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2012. The net gearing ratio (total net debt divided by total shareholders' equity) of our Group as at 31 December 2012 was 0.32 times (2011: 0.46 times).

Total assets and net current assets of our Group as at 31 December 2012 were approximately HK$1,074,616,000 (2011: approximately HK$1,183,908,000) and approximately HK$558,002,000 (2011: approximately HK$618,965,000) respectively. The current ratio (current assets divided by current liabilities) of our Group as at 31 December 2012 was approximately 8.1 times (2011: approximately 4.2 times). The net asset value of our Group as at 31 December 2012 was approximately HK$492,554,000 (31 December 2011: approximately HK$488,124,000).

With our improvement in financial strength, together with the resources on hand, our Group is ready for deploying our resources to capture opportunities in 2013.

Management Discussion & Analysis

Financial Guarantees

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

Pledged Assets

As at 31 December 2012, our Group pledged equity securities listed on the Hong Kong Stock Exchange and New York Stock Exchange with market value of approximately HK$65,905,000 (2011: Nil) and bank balances of approximately HK$21,210,000 (2011: Nil) to a bank to secure credit facilities granted to the Group. None of the credit facilities was utilised by the Group as at 31 December 2012.

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 ("**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 2012. The following presents the performance of these two business segments.

Property Investment

Total rental income for 2012 amounted to approximately HK$11,855,000 (2011: approximately HK$12,272,000), representing a decrease of approximately HK$417,000. 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 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 investment properties of our Group as at 31 December 2012 are stated below:

Investment properties and address	Lot number	Use	Total gross floor area (square feet)	Our Group's interest %	Government lease expiry
In Hong Kong:					
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)

Investment property and address	Use	Total gross floor area (square meters)	Our Group's interest %	Lease expiry
In the PRC:				
Unit 1501-1512 on 15th floor of Shui On Plaza, No. 333 Huaihai Road Central, Luwan District, Shanghai, PRC	Office	2,575	100%	10 November 2044

Subsequent to the year end, 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 directly wholly-owned subsidiary of the Company, Trendex Investment Limited, which held Units 1501-1512 on the 15th floor of Shui On Plaza in Shanghai, PRC as mentioned above, at an aggregate consideration of approximately RMB138,000,000 (equivalent to approximately HK$171,000,000) (subject to adjustments under the sale and purchase agreement). Subject to fulfillment (or, where applicable, waiver) of the conditions under the sale and purchase agreement, the disposal is expected to be completed within twelve months from the date of the sale and purchase agreement.

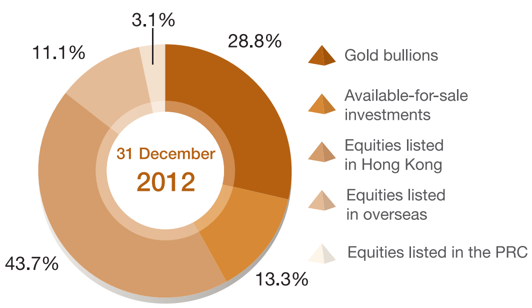
Our Group will remain focus on this business segment and will continue to keep searching for good property investment opportunities.

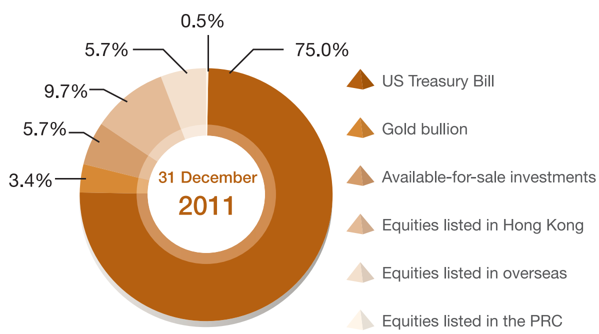
Management Discussion & Analysis

Securities Investment

An analysis of the securities portfolio of our Group in terms of types of securities as at 31 December 2012 is as follows:

Market Value as at (HK$'000)	**As at 31 December 2012**	As at 31 December 2011
Financial instruments held for trading	**156,365**	88,709
US Treasury Bill	—	420,116
Gold bullion	**77,809**	19,218
Available-for-sale investments	**36,088**	31,766
Of which: Distribution of financial instruments held for trading		
Listed equities – Hong Kong	**118,039**	54,243
Listed equities – Overseas	**29,858**	31,928
Listed equities – PRC	**8,468**	2,538
Available-for sale investments		
Equities – PRC	**36,088**	31,766





Our Group recognized a total revenue for the Year of about HK$35,769,000 (2011: about HK$55,091,000) from securities investment which included dividend income about HK$3,829,000 (2011: about HK$600,000) and revenue from trading of gold bullions about HK$31,940,000 (2011: about HK$54,491,000). On the other hand, gain from the trading of our financial instruments held for trading for the Year was about HK$7,181,000 (2011: about HK$13,776,000). Our Group also recorded an unrealised holding gain of approximately HK$14,091,000 (2011: a loss of approximately HK$5,581,000) from the fair value changes of our remaining securities portfolio during the Year.

The market value of our investment portfolio as at 31 December 2012 amounted to approximately HK$270,262,000 (2011: HK$559,809,000). The decrease in our total investment portfolio was mainly because our Group reduced its exposure on the US Treasury Bill in view that the return (including the coupon) from the US Treasury Bill during the Year was not as attractive as the case in the last quarter of 2011. The management of our Group is pleased to maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market. With about HK$399,244,000 in cash and bank balances as at 31 December 2012, we believe that we have the capacity to upsize our investment portfolio when market opportunity arises.

Management Discussion & Analysis

Segment Information

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.

Employees

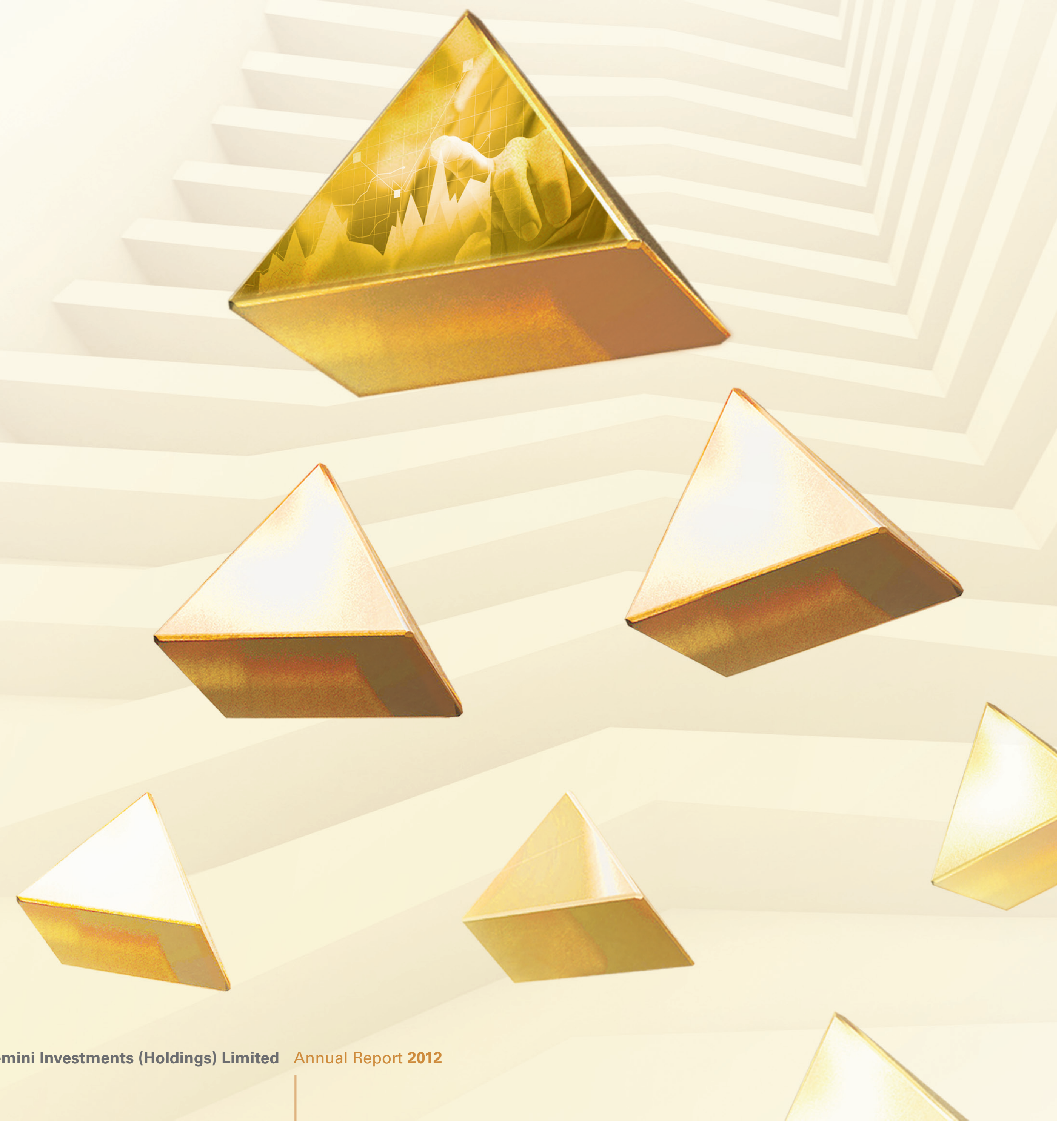
As at 31 December 2012, the total number of staff employed was 24 (2011: 19). The increase in the total number of staff was in line with our target to make steady growth of the core business segments of our Group.

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 individual performance and prevailing salary levels in the market. With a view to encouraging and rewarding 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 31 December 2012, our Group had no significant contingent liabilities.

Biographies of Directors



Biographies of Directors

Mr. LI Zhenyu, aged 41, was appointed Executive Director and Chief Executive Officer of the Company on 17 March 2011. He is also chairman of the Investment Committee of the Company. 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 Holdings Limited ("**Sino-Ocean Land**"), a controlling shareholder of the Company. He has also served as a director of a number of project companies and subsidiaries of Sino-Ocean Land. Prior to joining Sino-Ocean Land, Mr. LI had taken up various positions in the COSCO Group since July 1994. Mr. LI obtained a Bachelor's Degree from the Central University of Finance and Economics in June 1994.

Mr. SUM Pui Ying, Adrian, aged 51, was appointed Non-Executive Director and Chairman of the Company on 17 March 2011. He is also chairman of the Nomination Committee and a member of the Investment Committee of the Company. He has been chief financial officer and company secretary of Sino-Ocean Land since May 2007. He also serves as a director of a number of project companies and subsidiaries of Sino-Ocean Land (including Sino-Ocean Land (Hong Kong) Limited and Grand Beauty Management Limited, through which Sino-Ocean Land holds the controlling interest in the Company). Mr. SUM is fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England & Wales. With extensive experience in governing companies listed on the Stock Exchange, Mr. SUM is mainly responsible for financial management, company secretarial affairs, corporate financing and investor relationship of Sino-Ocean Land. 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.

Mr. LI Hongbo, aged 45, 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 17 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 41, was appointed Independent Non-Executive Director of the Company on 12 November 2010. He is also chairman of the Audit Committee and the Remuneration Committee and a member of the Investment Committee and Nomination Committee of the Company. 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 19 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), a company listed on the Main Board of the Stock Exchange, since February 2009.

Mr. LO Woon Bor, Henry, aged 49, 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 Company. Mr. LO is a solicitor by profession and currently a partner 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 20 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 has a keen interest in education and serves as School Manager in school(s). He is also the Honorary Legal Advisor to The Federation of Parent-Teacher Association Kowloon City District.

Biographies of Directors

Mr. ZHENG Yun, aged 50, 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 Company. From 1985 to 1989, Mr. ZHENG was the minister of the labor practicing department of the Youth League Committee of Tsinghua University (北京清華大學團委勞動學習部). He acted as investment manager of China KZ High & Technology Co. Ltd., (中國科招高技術有限公司) from 1990 to 1997. From 1998 to 2000, he was a manager of Innovation Electronics Co. Ltd., Beijing Union (北京友聯創新科貿有限公司). He was 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 2001 to 2002. 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 in the Shenzhen Stock Exchange (stock code: 000938). Mr. ZHENG has over 27 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

1. 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**").

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**") was amended and revised as the Corporate Governance Code (the "**Revised CG Code**") which became effective on 1 April 2012. For the financial year of the Company ended 31 December 2012 (the "**Year**") under review, the Company has complied with the applicable code provisions (the "**Code Provisions**") of the CG Code and the Revised CG Code as and when they were/are in force, except that Messrs. LI Hongbo, ZHENG Yun and LO Woon Bor, Henry did not, as non-executive director or independent non-executive director of the Company as required under the Code Provision A.6.7 of the Revised CG Code, attend in person the annual general meeting of the Company held on 30 April 2012 due to other commitments, though Messrs. LI Hongbo and ZHENG Yun participated in such annual general meeting through telephonic conferencing.

2. DIRECTORS' SECURITIES TRANSACTIONS

In accordance with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (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 enquiry with the Directors, all 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 during the Year.

3. MAJOR CORPORATE GOVERNANCE PRINCIPLES

3.1 Board of Directors

Board composition

As at 31 December 2012, the Board consisted of a total of six members, including one executive director (the "**Executive Director**"), two non-executive directors (the "**Non-Executive Directors**") whereas one of whom was the 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 15 to 17 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. During the Year, the Board convened a total of four regular Board meetings and the individual attendance record of each Director at such Board meetings is tabulated as follows:

	Attended in person
Executive Director	
Mr. LI Zhenyu (being the chief executive officer of the Company (the "**Chief Executive Officer**"))	4/4
Non-Executive Directors	
Mr. SUM Pui Ying (being the Chairman of the Board)	4/4
Mr. LI Hongbo	4/4
Independent Non-Executive Directors	
Mr. LAW Tze Lun	4/4
Mr. LO Woon Bor, Henry	4/4
Mr. ZHENG Yun	4/4

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, 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 enables 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**") on 10 August 2005, which set 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, approval and monitoring of budgets, changes of the Group's corporate structure, capital and listing status, approval of financial statements and announcement of results, declaration of dividends, approval of material transactions, appointment and remuneration of Board members and senior executives, 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

All Directors of the Board had served in office during the Year. 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 Director brings his perspectives to the Board through his 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, comprising both the Executive Director and senior officers of the Group, 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 and 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. The induction program includes an overview of the Group's business operation and governance policies, the Board meetings' procedures, matters reserved to the Board, an introduction of the Board committees, the Directors' responsibilities and duties, relevant regulatory requirements, review(s) of minutes of the Board and Board committees in the past 12 months, and briefings with senior officers of the Group and site visits (if necessary).

Pursuant to the Code Provision A.6.5 of the Revised CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains informed and relevant. During the Year, all Directors had participated in appropriate continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

Corporate Governance Report

The company secretary of the Company maintains records of training attended by the Directors. The training attended by each Director during the Year is tabulated as follows:-

	Type of trainings (Note 1)	Training matters (Note 2)
Executive Director		
Mr. LI Zhenyu	a, b	i, ii, iii, iv
Non-Executive Directors		
Mr. SUM Pui Ying	a, b	i, ii, iii, iv
Mr. LI Hongbo	a, b	i, ii, iii, iv
Independent Non-Executive Directors		
Mr. LAW Tze Lun	a, b	i, ii, iii, iv
Mr. LO Woon Bor, Henry	a, b	i, ii, iii, iv
Mr. ZHENG Yun	a, b	i, ii, iii, iv

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.

Note 2:

i: corporate governance

ii: regulatory

iii: finance

iv: managerial

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. 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.

Company secretary

The company secretary of the Company (the "**Company Secretary**") is responsible for keeping detailed minutes of each meeting of the Board or the Board committees including any dissenting views expressed by the Directors, which should be available to all Directors for inspection. She is also responsible for ensuring that the Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. All agenda, relevant materials and document are required to be sent out at least 3 days prior to the intended dates of the Board meetings or meetings of the Board committees. It is the responsibility of the Company Secretary to send the draft minutes of the meetings of the Board or the Board committees to all Directors for comments within a reasonable time after the aforesaid meetings. Final versions of minutes of meetings of the Board or the Board committees are also required to be sent to all Directors for record. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed.

Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company.

During the Year, the Company Secretary had confirmed that she had taken no less than 15 hours of relevant professional training.

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)).

Corporate Governance Report

3.2 Chairman and Chief Executive Officer

The Code Provision A.2.1 of the Revised 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 are held by Mr. SUM Pui Ying and Mr. LI Zhenyu 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. In conjunction with the Company Secretary, 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 to lead 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 operation, in accordance with the policies, strategies and objectives established by the Group. The Board is responsible to monitor the performance of the Chief Executive Officer and to ensure whether the Board's objectives have been attained.

3.3 Appointment, re-election and removal

The Executive Director, Mr. LI Zhenyu, was appointed for a term of 2 years commencing from 17 March 2011 pursuant to his service contract. He renewed his service contract with the Company on 2 January 2013. The term of his renewed service contract is for a period of 1 year commencing from 2 January 2013, subject to early termination by either the Executive Director or the Company giving the other not less than two months' prior notice in writing. His remuneration has been changed from HK$150,000 per annum to HK$180,000 per annum. Mr. LI Zhenyu is subject to retirement by rotation and re-election at the annual general meeting of the Company (the "**AGM**") at least once every three years pursuant to Article 116 of the Company's articles of association (the "**Articles of Association**").

The two Non-Executive Directors, Mr. LI Hongbo and Mr. SUM Pui Ying, were appointed for a term of 2 years commencing from 3 January 2012 and 17 March 2011 respectively pursuant to their service contracts, subject to early termination by either the Non-Executive Director or the Company giving the other not less than two months' prior notice in writing. In respect of Mr. LI Hongbo, he entered into a renewal service contract with the Company on 2 January 2013 under which his appointment shall be for a term of 2 years commencing from 2 January 2013, subject to early termination by either Mr. LI Hongbo or the Company giving the other not less than two months' prior notice in writing. Regarding Mr. SUM Pui Ying, his service contract was also renewed on 2 January 2013. The term of his renewed service contract is for a period of 1 year commencing from 2 January 2013, subject to early termination by either Mr. SUM Pui Ying or the Company giving the other not less than two months' prior notice in writing. Under the above renewal service contracts, the remuneration of each of Mr. LI Hongbo and Mr. SUM Pui Ying has been changed from HK$150,000 per annum to HK$180,000 per annum. Both the Non-Executive Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to Article 116 of the Articles of Association.

The three Independent Non-Executive Directors, including Messrs. LAW Tze Lun, LO Woon Bor, Henry and ZHENG Yun, were all appointed for a term of 2 years commencing from 12 November 2010 pursuant to their appointment letters which expired on 11 November 2012. The appointment letter of each of the Independent Non-Executive Directors was renewed on 12 November 2012, under which each of their appointments shall be for a term of 3 years commencing from 12 November 2012, subject to early termination by either the Independent Non-Executive Director or the Company giving the other not less than one month's prior notice in writing. Each of their remuneration had been changed from HK$150,000 per annum to HK$157,500 per annum. On 2 January 2013, each of the Independent Non-Executive Directors signed a further renewal appointments letter with the Company to replace the one signed on 12 November 2012 as mentioned above, whereby each of their remuneration was further adjusted from HK$157,500 per annum to HK$180,000 per annum and the term of each of their renewed appointments would commence from 2 January 2013 for a period of 3 years, subject to early termination by either the Independent Non-Executive Director or the Company giving the other not less than one month's prior notice in writing. All the other terms and conditions of their appointments remained unchanged under the further renewal appointment letters. All of the Independent Non-Executive Directors are subject to retirement by rotation and re-election at the AGM at least once every three years pursuant to Article 116 of the Articles of Association.

Both Mr. SUM Pui Ying and Mr. LO Woon Bor, Henry, 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.

3.4 Nomination of Directors

The nomination committee of the Board (the "**Nomination Committee**") was established on 16 December 2012 and comprises three Independent Non-Executive Directors, namely Messrs. LAW Tze Lun, LO Woon Bor, Henry and ZHENG Yun, and one Non-Executive Director, namely Mr. SUM Pui Ying (who is also the chairman of the Nomination Committee). The Nomination Committee meets formally at least once a year.

One Nomination Committee meeting was 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 for re-election at the previous AGM held on 30 April 2012; and

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

The individual attendance record of each member of the Nomination Committee is tabulated as follows:

	Attended in person
Non-Executive Director	
Mr. SUM Pui Ying (chairman of the Nomination Committee)	1/1
Independent Non-Executive Directors	
Mr. LAW Tze Lun	1/1
Mr. LO Woon Bor, Henry	1/1
Mr. ZHENG Yun	1/1

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.

Details of the terms of reference of the Nomination Committee can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

3.5 Remuneration committee

The Board has set up a remuneration committee (the "**Remuneration Committee**") with all three members being the Independent Non-Executive Directors, namely Messrs. LAW Tze Lun (who is also the chairman of the Remuneration Committee), LO Woon Bor, Henry and ZHENG Yun. 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.

The Remuneration Committee had met twice during the Year. Attendance of each member of the Remuneration Committee at these two meetings is shown in the table below:

	Attended in person
Independent Non-Executive Directors	
Mr. LAW Tze Lun (chairman of the Remuneration Committee)	2/2
Mr. LO Woon Bor, Henry	2/2
Mr. ZHENG Yun	2/2

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 Remuneration Committee is provided with sufficient resources to perform its duties. The current duties and responsibilities of the Remuneration Committee are more specifically set out in its latest terms of reference, details of which can be viewed on the website of the Company at www.geminiinvestments.com.hk and the website of the Stock Exchange.

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.

Corporate Governance Report

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.

The Remuneration Committee was responsible for determining whether the preset targets for individual performance had been met based on the relevant information. Annual review of the base compensation was conducted. The Remuneration Committee was also required to set annual target performance measures for each Executive Director and senior officer of the Group, approve the maximum level of total annual bonus over monthly salary as well as the shares of contributions against each performance measure if the target had been achieved.

The work and findings together with recommendations of the Remuneration Committee were presented to the Board after the Remuneration Committee's meetings. Minutes of the Remuneration Committee's meeting were made available to all the Directors for inspection. No Director or any of his associates was involved in deciding his own remuneration.

3.6 Auditors' remuneration

The Board, based on the recommendation of its audit committee (the "**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 the Group's appointed external auditor on 30 April 2012 since Messrs. Deloitte Touche Tohmatsu was retired as the Group's external auditors on the same date. A letter from BDO dated 3 May 2012 stated that BDO was independent from the Group with reference to Section 290 "Independence – Assurance Engagements" of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

During the Year, total fees paid to BDO amounted to HK$680,000, of which HK$180,000, or approximately 26.47%, were fees for non-audit services which represented the interim review for the period ended 30 June 2012.

3.7 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.

Two Audit Committee's meetings were convened during the Year. The external auditors (being BDO as mentioned above), the Executive Directors and the Group's financial controller were invited to attend these two Audit Committee's meetings. Attendance of each member of the Audit Committee at these meetings is shown in the table below:

	Attended in person
Independent Non-Executive Directors	
Mr. LAW Tze Lun (chairman of the Audit Committee)	2/2
Mr. LO Woon Bor, Henry	2/2
Mr. ZHENG Yun	2/2

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.

Corporate Governance Report

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 50 to 51 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.

3.8 Corporate governance functions

The Board is responsible for performing the following corporate governance duties as required under the Revised 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 the Revised CG Code and disclosure in this Corporate Governance Report.

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

— establishment of the Nomination Committee;

— review of the compliance with the CG Code and the Revised CG Code; and

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

3.9 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 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.

System of internal controls

Each year the Board reviews and considers the risk profile for the whole business of the Group. The Board has delegated the responsibility of overseeing risk management to the Audit Committee. The Board also requires the Chief Executive Officer to implement a system of control for identifying and managing risks. The Board has constructed a framework for the assessment and management of risks to each division within the Group every year. When any deficiency of risk area or new risk was identified and presented, it is the responsibility of the Chief Executive Officer to report to the Board for assessment, together with submission of proper control strategy or follow-up action.

The Board has through the Audit Committee reviewed the effectiveness of the internal control system of the Group and 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, nature and complexity of the Group's business. The situation will be reviewed from time to time.

Securities-dealing policy for employees

The Group had also adopted a securities-dealing policy no less exacting than the Model Code for all employees of the Group setting out the Company's policy and rules governing the dealings in the securities of the Company and a confidentiality policy setting out the responsibilities of all employees of the Group in dealing with the Group's information that is considered to be confidential.

Corporate Governance Report

Business risks

The scope of business in which the Group is operating involves a range of risk factors that may impact overall results.

Material risks that could negatively affect the results and performance of the Group include:

- Operating cost pressures
- Fluctuation of investment markets
- Stagnant market condition under distress from global financial crisis
- Fluctuation of property markets
- Sudden reduction of credit facilities granted by financial institutions
- Fraud and dishonesty
- Adverse governmental policies relating to the regulation and control of the property sector
- Breaches in corporate governance processes

The management of the Group has put in place a number of policies, processes and procedures to provide assurance to the Board on the integrity and effectiveness of the internal control system and risk management. The Audit Committee reviewed the Group's overall internal control system twice during the Year to monitor the risks and controls of the Group. Two Board committees also performed roles relating to risks and control. The management team formally presented the Group's risk management and internal control structure to the Board at the end of the Year.

The Directors confirmed they had reviewed the effectiveness of the Group's internal control system during the Year and considered such internal control system effective and adequate.

3.10 Communication with shareholders

The Group endeavors to disclose relevant information on its activities to its shareholders in an open and timely manner, subject to applicable legal requirements. Communication between the Company and its shareholders is achieved through:

— The Company's annual and interim reports which have been enhanced to present a balanced, clear and comprehensive assessment of the Group's position and prospects;

— Forum and notices of AGMs and other general meetings and accompanying explanatory materials;

— Press releases on major development of the Group;

— Disclosures to the Stock Exchange and relevant regulatory bodies;

— Response to inquiries from shareholders or media by the Company Secretary; and

— The website of the Company at www.geminiinvestments.com.hk through which the public can access, among other things, corporate announcements, press releases, annual reports, and general corporate information of the Group.

The communication channels between the Company and its shareholders above will be reviewed by the Board on a regular basis to ensure their effectiveness in maintaining an on-going dialogue with shareholders.

Constructive use of AGMs

The Board values the AGMs as the principal opportunities for the Directors to meet shareholders of the Company and to develop a balanced understanding of the views of the shareholders. During the Year, the AGM was held on 30 April 2012. The attendance record of the Directors at the AGM is set out below:

	Attended in person
Executive Director	
Mr. LI Zhenyu	1
Non-Executive Directors	
Mr. SUM Pui Ying (being the Chairman of the Board)	1
Mr. LI Hongbo	0 (Note)
Independent Non-Executive Directors	
Mr. LAW Tze Lun	1
Mr. LO Woon Bor, Henry	0
Mr. ZHENG Yun	0 (Note)

Note: Though Mr. LI Hongbo and Mr. ZHENG Yun did not attend the AGM in person, they participated in the AGM through telephonic conferencing.

Notice of AGM, annual report, financial statements and related papers were posted to shareholders of the Company for their consideration at least 20 clear business days prior to the AGM. AGM proceedings of the Company are continually reviewed in the light of corporate governance best practices.

3.11 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 Paragraph O of the Revised CG Code which is effective from 1 April 2012.

(a) Convening of extraordinary general meeting on requisition by shareholders

In accordance with Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, may require the Directors to convene an extraordinary general meeting (the "**EGM**"). The written requisition must state the objects of the meeting, and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company at Suite 3709, 37/F., Lippo Centre Tower II, 89 Queensway, Hong Kong for the attention of the Company Secretary. The requisition may consist of several documents in like form, each signed by one or more shareholders concerned.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening an EGM is given, the shareholder(s) concerned or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from such date.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

(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 3709, 37/F., Lippo Centre Tower II, 89 Queensway, Hong Kong, or by email to judy@geminiinvestments.com.hk for the attention of the Company Secretary.

(c) Procedures for putting forward proposals at general meetings by shareholders

Shareholders are requested to follow section 115A of the Companies Ordinance for including a resolution at an AGM. The requirements and procedures are set out below:

(i) Any number of shareholders representing not less than one-fortieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at an AGM to which the requisition relates, or not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HK$2,000, may submit a requisition in writing to put forward a resolution which may properly be moved and is intended to be moved at an AGM.

(ii) The Company shall not be bound by the Companies Ordinance to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of the Company entitled to receive notice of an AGM unless (a) a copy of the requisition signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) is deposited at the registered office of the Company at Suite 3709, 37/F., Lippo Centre Tower II, 89 Queensway, Hong Kong for the attention of the Company Secretary not less than 6 weeks before an AGM in the case of a requisition requiring notice of a resolution and not less than 1 week before an AGM in the case of any other requisition; and (b) the concerned shareholders have deposited with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

(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.

3.12 Constitutional documents

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

4. DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

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 50 to 51 in this annual report.

Directors' Report

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 2012 (the "**Year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group has been engaged in its principal activities in property investment and securities investment. 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 statement of comprehensive income of the Group on page 53 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 2012, as set out in Note 15 to the consolidated financial statements of the Group.

Particulars of the investment properties of the Group as at 31 December 2012 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 16 to the consolidated financial statements of the Group.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2012, the Company's reserves available for distribution to its shareholders comprised the retained profits of HK$223,834,000 (2011: of HK$243,186,000).

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

DIRECTORS

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

Executive director (the "Executive Director"):
LI Zhenyu – being the chief executive officer of the Company

Non-executive directors (the "Non-Executive Directors"):
SUM Pui Ying – being the chairman of the Board
LI Hongbo

Independent non-executive directors (the "Independent Non-Executive Directors"):
LAW Tze Lun
LO Woon Bor, Henry
ZHENG Yun

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. SUM Pui Ying and LO Woon Bor, Henry, being two of the Directors who have been longest in office since their last election, will retire from office on the Board by rotation 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

The Executive Director, Mr. LI Zhenyu, and one of the Non-Executive Directors, Mr. SUM Pui Ying, had respectively entered into a service contract with the Company under which their appointments were for a term of 2 years commencing from 17 March 2011. Both of their service contracts were renewed on 2 January 2013. The term of each of their renewed service contracts is for a period of 1 year commencing from 2 January 2013, subject to early termination by either party giving the other not less than two months' prior notice in writing. Each of their remuneration has been changed from HK$150,000 per annum to HK$180,000 per annum.

Another Non-Executive Director, Mr. LI Hongbo, entered into a renewal service contract with the Company on 2 January 2013 under which his appointment shall be for 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. The remuneration of Mr. LI Hongbo has been changed from HK$150,000 per annum to HK$180,000 per annum.

DIRECTORS' SERVICE CONTRACTS *(Continued)*

The three Independent Non-Executive Directors were appointed for a term of 2 years commencing from 12 November 2010 pursuant to their appointment letters which expired on 11 November 2012. Each of them renewed his appointment letter with the Company on 12 November 2012 under which each of their appointments shall be for a term of 3 years commencing from 12 November 2012, subject to early termination by either party giving the other not less than one month's prior notice in writing. Each of their remuneration had been changed from HK$150,000 per annum to HK$157,500 per annum. On 2 January 2013, each of the Independent Non-Executive Directors signed a further renewed appointment letter with the Company to replace the one signed on 12 November 2012 as mentioned above, whereby each of their remuneration was further adjusted from HK$157,500 per annum to HK$180,000 per annum and the term of each of their renewed appointments would commence from 2 January 2013 for a period of 3 years, subject to early termination by either party giving the other not less than one month's prior notice in writing. All the other terms and conditions of their appointments remained unchanged under the further renewal appointment letters.

No 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' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, 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 2012, the interests of 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 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 (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 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 Year were as follows:-

Name of Directors	Capacity	Date of grant	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 31 December 2012
				Balance as at 1 January 2012	Granted during the Year	Exercised during the Year	Balance as at 31 December 2012		
LI Zhenyu	Beneficial owner	26 August 2011	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 August2011	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.

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 31 December 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 31 December 2012
LI Zhenyu	Beneficial owner	167,250(L)	0.0029%
SUM Pui Ying	Beneficial owner	468,250(L)	0.0080%
LI Hongbo	Beneficial owner	125(L)	0.0000%

Directors' Report

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.

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 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 31 December 2012	Approximate percentage of interest in the issued share capital of Sino-Ocean Land as at 31 December 2012
LI Zhenyu	Beneficial owner	18 March 2011	100,350(L) (Note)	0.0017%
SUM Pui Ying	Beneficial owner	18 March 2011	280,950(L) (Note)	0.0048%
LI Hongbo	Beneficial owner	18 March 2011	140,475(L) (Note)	0.0024%

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

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 on the Award Date but, subject to the provisions of the restricted share award scheme, 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 Year, a total of 167,250, 468,250 and 234,125 shares in Sino-Ocean Land had been respectively vested in Messrs. LI Zhenyu, SUM Pui Ying and LI Hongbo (whereas during the Year, Mr. LI Hongbo sold 149,500 shares, 28,000 shares and 56,500 shares on 13 June 2012, 3 July 2012 and 19 December 2012 respectively out of his 234,125 vested Award Shares), and the rest of the Award Shares (being 100,350 shares for Mr. LI Zhenyu, 280,950 shares for Mr. SUM Pui Ying and 140,475 shares for Mr. LI Hongbo) will be vested in them in accordance with the above timetable.

Directors' Report

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 Year were as follows:-

Name of Directors	Capacity	Date of grant of share options	Exercise period (Notes)(6)	Balance as at 1 January 2012	Number of shares in Sino-Ocean Land over which options are exercisable: Granted during the Year	Exercised during the Year	Lapsed during the Year	Balance as at 31 December 2012	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 31 December 2012 relative to the issued share capital of Sino-Ocean Land as at 31 December 2012
LI Zhenyu	Beneficial owner	28-9-2007	(1)	562,000(L)	—	—	(562,000)(L)	—	7.70	0.0000%
		19-9-2008	(2)	160,000(L)	—	(160,000)(L)	—	—	2.55	0.0000%
		30-7-2009	(3)	300,000(L)	—	—	—	300,000(L)	8.59	0.0051%
		5-10-2009	(4)	270,000(L)	—	—	—	270,000(L)	7.11	0.0046%
		12-1-2012	(5)	—	800,000(L)	—	—	800,000(L)	3.57	0.0137%
				Total: 1,292,000(L)	Total: 800,000(L)	Total: (160,000)(L)	Total: (562,000)(L)	Total: 1,370,000(L)		Total: 0.0234%
SUM Pui Ying	Beneficial owner	28-9-2007	(1)	1,430,000(L)	—	—	(1,430,000)(L)	—	7.70	0.0000%
		19-9-2008	(2)	1,000,000(L)	—	—	—	1,000,000(L)	2.55	0.0171%
		30-7-2009	(3)	800,000(L)	—	—	—	800,000(L)	8.59	0.0137%
		5-10-2009	(4)	630,000(L)	—	—	—	630,000(L)	7.11	0.0108%
		12-1-2012	(5)	—	2,330,000(L)	—	—	2,330,000(L)	3.57	0.0398%
				Total: 3,860,000(L)	Total: 2,330,000(L)	Total: 0	Total: (1,430,000)(L)	Total: 4,760,000(L)		Total: 0.0814%
LI Hongbo	Beneficial owner	28-9-2007	(1)	570,000(L)	—	—	(570,000)(L)	—	7.70	0.0000%
		19-9-2008	(2)	300,000(L)	—	(300,000)(L)	—	—	2.55	0.0000%
		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	0.0034%
		12-1-2012	(5)	—	720,000(L)	—	—	720,000(L)	3.57	0.0123%
				Total: 1,320,000(L)	Total: 720,000(L)	Total: (300,000)(L)	Total: (570,000)(L)	Total: 1,170,000(L)		Total: 0.0200%

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 31 December 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 corporation(s) (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.

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.

SHARE OPTION SCHEME *(Continued)*

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 23 June 2011 (being the date of the EGM on which the Share Option Scheme was 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 34,950,000 shares of the Company (representing approximately 7.85% of the issued share capital of the Company as at the date of the EGM and approximately 7.85% 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 highest 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; (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; and (c) the nominal value of a share of the Company.

SHARE OPTION SCHEME *(Continued)*

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

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

	Date of grant	Exercise price per share HK$	Balance as at 1 January 2012 (Note)	Granted during the Year	Exercised during the Year (Number of shares of the Company over which options are exercisable)	Lapsed during the Year	Cancelled during the Year	Balance as at 31 December 2012	Exercise period
Name of Directors									
LI Zhenyu	26 August 2011	1.40	4,000,000(L) (Note)	–	–	–	–	4,000,000(L)	26 August 2011 – 22 June 2021
SUM Pui Ying	26 August 2011	1.40	2,000,000(L) (Note)	–	–	–	–	2,000,000(L)	26 August 2011 – 22 June 2021
Employees of the Group	26 August 2011	1.40	3,600,000(L) (Note)	–	–	–	–	3,600,000(L)	26 August 2011 – 22 June 2021
Total			9,600,000(L)	–	–	–	–	9,600,000(L)	

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 Group 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 such share options granted 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 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 2012, 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 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 31 December 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate turnover attributable to the Group's five largest customers was approximately 14.08% of the Group's total turnover. The Group's principal businesses are property investment and securities investment, 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.

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 Year, except for the revised code provision A.6.7 of the Corporate Governance Code. For details of the non-compliance, please refer to the section headed "Corporate Governance Practice" in "Corporate Governance Report" to this annual report.

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

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.

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**"). During the year, Deloitte resigned as auditors of the Company and Messrs. BDO Limited ("**BDO**") was appointed as the auditor of the Company on 30 April 2012.

The consolidated financial statements of the Group for the Year 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

Disposal of subsidiary

On 8 February 2013, the Company (as the vendor) entered into a sale and purchase agreement with Pacific Sunrise Holdings Limited (as the purchaser), an independent third party, in relation to the disposal of the entire issued share capital in Trendex Investment Limited, a directly wholly-owned subsidiary of the Company holding Units 1501-1512 on the 15th floor of Shui On Plaza, No. 333 Huaihai Road Central, Luwan District, Shanghai, the People's Republic of China, at an aggregate consideration of approximately RMB138,000,000 (equivalent to approximately HK$171,000,000) (subject to adjustments under the sale and purchase agreement). The disposal constituted a major transaction for the Company under Chapter 14 of the Listing Rules.

Details of the above transaction were disclosed in the announcement of the Company dated 8 February 2013. Subject to fulfillment (or, where applicable, waiver) of the conditions under the sale and purchase agreement, the disposal is expected to be completed within twelve months from the date of the sale and purchase agreement.

Disposal of Great Wise Investment Limited shares

On 5 September 2011, the Group entered into the framework agreement with Sino-Ocean Land (Hong Kong) Limited ("SOL HK") in relation to the establishment and management of the jointly controlled entities, which became an investment platform of the Group to invest in certain real estate projects in the PRC and to expand the Group's revenue from property related investment. Pursuant to the agreement, Sino Prosperity Real Estate Limited, one of the jointly controlled entities, acquired 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 interests 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 of all of its interests in Great Wise and the relevant portion of outstanding shareholder's loan advanced to Great Wise by Fund Holdco One to SOL HK at a price of USD103,318,000 or its equivalent in other currencies. It is expected that the completion of disposal will take place on or before 8 March 2013.

On behalf of the Board

Adrian SUM
Chairman
Hong Kong, 28 February 2013

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 52 to 110, which comprise the consolidated and Company statements of financial position as at 31 December 2012, 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.

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.

Independent Auditor's Report

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 2012, 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 2013

Consolidated Income Statement

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000 (Re-presented)
Sales proceeds from disposal of financial instruments held for trading	4	**911,426**	163,480
Turnover	5	**50,545**	67,363
Changes in inventories of gold bullions		**(33,142)**	(54,604)
Other income	6	**2,644**	768
Staff costs			
– Share-based compensation	7	**—**	(5,579)
– Other emoluments		**(7,838)**	(2,769)
Depreciation		**(186)**	(130)
Other expenses		**(10,288)**	(10,372)
Gain arising from changes in fair value of financial instruments held for trading		**21,272**	8,195
Gain arising from changes in fair value of investment properties		**465**	722
Impairment loss on available-for-sale investments		**(330)**	—
Loss on disposal of a subsidiary			
– Excluding the translation reserve		**—**	(27,994)
– Reclassification from translation reserve upon disposal of the subsidiary		**—**	12,689
Share of results of jointly controlled entities		**2,184**	1,006
Finance costs	8	**(16,682)**	(5,822)
Profit/(Loss) before income tax		**8,644**	(16,527)
Income tax	9	**(1,999)**	(1,752)
Profit/(Loss) for the year	10	**6,645**	(18,279)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**6,645**	(18,699)
Non-controlling interests		**—**	420
		6,645	(18,279)
Earnings/(Losses) per share for profit/(loss) attributable to owners of the Company	14		
– basic (HK cents)		**1.49**	(4.20)
– diluted (HK cents)		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
Profit/(Loss) for the year	**6,645**	(18,279)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(2,215)**	13,157
Release of translation reserve upon disposal of a subsidiary	**—**	(12,689)
Other comprehensive income for the year	**(2,215)**	468
Total comprehensive income for the year	**4,430**	(17,811)
Total comprehensive income attributable to:		
Owners of the Company	**4,430**	(18,595)
Non-controlling interests	**—**	784
	4,430	(17,811)

Statements of Financial Position

At 31 December 2012

		THE GROUP		THE COMPANY	
		2012	2011	**2012**	2011
	NOTES	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current Assets					
Investment properties	15	**394,859**	142,593	**–**	—
Property, plant and equipment	16	**264**	424	**–**	—
Investments in subsidiaries	17	**–**	—	**31,895**	13,449
Interests in jointly controlled entities	18	**6,715**	4,531	**–**	—
Available-for-sale investments	19	**36,088**	31,766	**–**	—
Amounts due from subsidiaries	20	**–**	—	**257,980**	94,616
Refundable deposit paid	21	**–**	185,025	**–**	—
Deposit for acquisition of investment properties		**–**	9,690	**–**	—
		437,926	374,029	**289,875**	108,065
Current Assets					
Deposits and prepayments	22	**1,920**	5,802	**30**	5,378
Amounts due from jointly controlled entities	18	**1,352**	1,105	**–**	—
Amount due from a fellow subsidiary	20	**–**	440	**–**	—
Amounts due from subsidiaries	20	**–**	—	**580,532**	739,263
Financial instruments held for trading	23	**156,365**	508,825	**–**	—
Other investment	24	**77,809**	19,218	**–**	—
Short-term bank deposits	25	**108,932**	529	**20,360**	—
Bank balances and cash	25	**290,312**	273,960	**12,286**	74,772
		636,690	809,879	**613,208**	819,413
Current Liabilities					
Other payables and accrued charges	26	**16,685**	5,137	**834**	2,710
Refundable deposit received	21	**–**	185,025	**–**	—
Taxation payable		**339**	752	**–**	—
Borrowings	27	**61,664**	—	**–**	—
		78,688	190,914	**834**	2,710
Net Current Assets		**558,002**	618,965	**612,374**	816,703
Total Assets Less Current Liabilities		**995,928**	992,994	**902,249**	924,768

Statements of Financial Position

At 31 December 2012

		THE GROUP		THE COMPANY	
		2012	2011	**2012**	2011
	NOTES	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Capital and Reserves					
Share capital	28	**22,275**	22,275	**22,275**	22,275
Share premium and reserves	29	**470,279**	465,849	**383,141**	402,493
Total Equity		**492,554**	488,124	**405,416**	424,768
Non-current Liabilities					
Deferred tax liabilities	30	**6,541**	4,870	**–**	—
Borrowings	27	**496,833**	500,000	**496,833**	500,000
		503,374	504,870	**496,833**	500,000
Total Equity and Non-current Liabilities		**995,928**	992,994	**902,249**	924,768

The financial statements on pages 52 to 110 were approved and authorised for issue by the Board of Directors on 28 February 2013 and are signed on its behalf by:

Adrian Sum
DIRECTOR

Li Zhenyu
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company							
	Share capital	Share premium	Share option reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	22,275	153,728	—	26,954	298,183	501,140	14,336	515,476
Other comprehensive income								
– Exchange differences arising on translation of foreign operations	—	—	—	12,793	—	12,793	364	13,157
– Release of translation reserve upon disposal of a subsidiary	—	—	—	(12,689)	—	(12,689)	—	(12,689)
(Loss)/Profit for the year	—	—	—	—	(18,699)	(18,699)	420	(18,279)
Total comprehensive income for the year	—	—	—	104	(18,699)	(18,595)	784	(17,811)
Dividend paid	—	—	—	—	—	—	(247)	(247)
Contribution from a minority shareholder of a subsidiary	—	—	—	—	—	—	3,713	3,713
Disposal of a non-wholly owned subsidiary	—	—	—	—	—	—	(18,586)	(18,586)
Share-based compensation (Note 7)	—	—	5,579	—	—	5,579	—	5,579
At 31 December 2011 and 1 January 2012	22,275	153,728	5,579	27,058	279,484	488,124	—	488,124
Other comprehensive income								
– Exchange differences arising on translation of foreign operations	—	—	—	(2,215)	—	(2,215)	—	(2,215)
Profit for the year	—	—	—	—	6,645	6,645	—	6,645
Total comprehensive income for the year	—	—	—	(2,215)	6,645	4,430	—	4,430
At 31 December 2012	**22,275**	**153,728**	**5,579**	**24,843**	**286,129**	**492,554**	**–**	**492,554**

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
Cash flows from operating activities		
Profit/(Loss) before income tax	**8,644**	(16,527)
Adjustments for:		
Depreciation	**186**	130
Gain arising from changes in fair value of financial instruments held for trading	**(21,272)**	(8,195)
Share-based compensation	**—**	5,579
Share of results of jointly controlled entities	**(2,184)**	(1,006)
Gain arising from changes in fair value of investment properties	**(465)**	(722)
Finance costs	**16,682**	5,822
Interest income from bank deposits	**(2,313)**	(768)
Loss on disposal of a subsidiary		
– excluding translation reserve	**—**	27,994
– reclassification from translation reserve upon disposal of a subsidiary	**—**	(12,689)
Impairment loss on available-for-sale investments	**330**	—
Operating cash flows before working capital changes	**(392)**	(382)
Increase in deposits and prepayments	**(1,284)**	(862)
Decrease/(Increase) in financial instruments held for trading	**373,732**	(466,398)
(Increase)/Decrease in other investment	**(58,591)**	32,113
Increase/(Decrease) in other payables and accrued charges	**11,548**	(227)
Cash generated from/(used in) operations	**325,013**	(435,756)
Profits tax outside Hong Kong paid	**(740)**	(917)
Net cash generated from/(used in) operating activities	**324,273**	(436,673)

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
Cash flows from investing activities		
Disposal of a subsidiary	**—**	130,667
Purchase of property, plant and equipment	**(27)**	(357)
Investments in jointly controlled entities	**—**	(3,525)
Advance to jointly controlled entities	**(247)**	(1,105)
Repayment from a fellow subsidiary	**440**	—
Other investing activities	**(4,652)**	(31,766)
Consideration paid for acquiring investment properties	**(242,139)**	(9,690)
Deposit paid for potential investment projects	**—**	(185,025)
Guarantee deposit received	**—**	185,025
Refundable deposit paid	**(185,025)**	—
Refundable deposit received	**182,895**	—
Interest received from bank deposits	**2,313**	768
Net cash (used in)/generated from investing activities	**(246,442)**	84,992
Cash flows from financing activities		
New borrowings	**61,664**	500,000
Interest paid	**(14,683)**	(4,369)
Dividend paid to minority shareholders of subsidiaries	**—**	(247)
Decrease in amounts due to minority shareholders of subsidiaries	**—**	(335)
Net cash generated from financing activities	**46,981**	495,049
Net increase in cash and cash equivalents	**124,812**	143,368
Cash and cash equivalents at beginning of the year	**274,489**	128,471
Effect of foreign exchange rate changes	**(57)**	2,650
Cash and cash equivalents at end of the year	**399,244**	274,489
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	**108,932**	529
Bank balances and cash	**290,312**	273,960
	399,244	274,489

1. GENERAL

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 jointly controlled entities are set out in Notes 40 and 18 respectively.

The financial statements are presented in Hong Kong dollars ("HKD"), 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 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial instruments: Disclosure – Transfers of financial assets
Amendments to HKAS 12	Income taxes – Deferred tax: Recovery of underlying assets

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

Amendments to HKFRS 7, Financial instruments: Disclosure – Transfers of financial assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

Notes to the Financial Statements

For the year ended 31 December 2012

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2012 *(Continued)*

Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date (Note 3.12).

The Group has investment property located in the People's Republic of China (the "PRC") measured at fair value of HK$143,059,000 as at 31 December 2012 (31 December 2011: HK$142,593,000) as disclosed in Note 15. The Group has rebutted the presumption in respect of its investment properties located in the PRC as they are assessed to be depreciable and are held by a subsidiary with a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Deferred tax in relation to these investment properties has not been re-measured.

In respect of the Group's other investment properties acquired during the year and located in Hong Kong at fair value of HK$251,800,000, the deferred tax related to these properties has been measured on the basis of recovering their carrying amount entirely through sales. However, there is no major tax consequence in Hong Kong of a sale of the investment property as there is currently no capital gain tax in Hong Kong. Accordingly, no deferred tax would be recognised on the Group's investment properties in Hong Kong during the year.

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

(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 1 (Revised)	Presentation of Items of Other Comprehensive Income [1]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
HKAS 19 (2011)	Employee Benefits [2]
Amendments to HKFRS 1	Government Loans [2]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities [2]
HK (IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine [2]
HKFRSs (Amendments)	Annual Improvements to 2009-2011 Cycle [2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities [3]
HKFRS 9	Financial Instruments [4]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

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.

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

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

Amendments to HKAS1 Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

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.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's classification and measurement of available-for-sale investments which are currently stated at cost less impairment and will be measured at fair value upon application. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) - Int 12 Consolidation - Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) - Int 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards is not expected to have significant impact on amounts reported in the consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2012

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

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

HKFRS 13 Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The directors anticipate that HKFRS 13 will be applied in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may result in more extensive disclosures in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements on pages 52 to 110 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 37.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date 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.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

For the year ended 31 December 2012

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

3.2 Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs).

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	$33^1/_3$%

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2012

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

3.6 Subsidiaries

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 Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities 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 jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 jointly controlled entity.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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-sales financial assets. 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.

Notes to the Financial Statements

For the year ended 31 December 2012

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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 statement of comprehensive income. 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, jointly controlled entities and a fellow subsidiary, deposit paid, 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).

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets 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 financial assets.

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, 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 jointly controlled entities, 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, refundable deposit received, amounts due to minority shareholders of subsidiaries and bank 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 and 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 the 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.

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.

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

3.12 Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and jointly controlled entities, 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

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

Notes to the Financial Statements

For the year ended 31 December 2012

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 director for his 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 HKD 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 jointly controlled entity 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.

Notes to the Financial Statements

For the year ended 31 December 2012

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 2012 and 2011 amounted to approximately HK$911,426,000 and HK$163,480,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the years 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 "Gain/(Loss) 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 director of the Company, being the chief operating decision maker, 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 management - provision of management and administration services for property development.

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 2012

	Property investments	Securities and other investments	Fund management	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
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	20,534	2,921	33,650
Interest income from bank deposits				2,313
Share of results of jointly controlled entities				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

For the year ended 31 December 2011

	Property investments	Securities and other investments	Consolidated
	HK$'000	HK$'000	HK$'000
		(Re-presented)	(Re-presented)
Segment revenue	12,272	218,571	230,843
Less: Sales proceeds from disposal of financial instruments held for trading	—	163,480	163,480
Turnover as presented in consolidated income statement	12,272	55,091	67,363
Segment result	9,365	6,998	16,363
Interest income from bank deposits			768
Loss on disposal of a subsidiary			(15,305)
Share of results of jointly controlled entities			1,006
Unallocated corporate expenses			(13,537)
Finance costs			(5,822)
Loss before income tax			(16,527)

Notes to the Financial Statements

For the year ended 31 December 2012

5. SEGMENT INFORMATION *(Continued)*

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 maker, 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, loss on disposal of a subsidiary, share of results of jointly controlled entities, unallocated corporate expenses (including central administration costs, share-based compensations and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision maker, the executive director, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2012	2011
	HK$'000	HK$'000
Assets		
Segment assets		
- Property investments	**395,713**	152,842
- Securities and other investments	**344,394**	559,809
Unallocated assets	**334,509**	471,257
Consolidated total assets	**1,074,616**	1,183,908
Liabilities		
Segment liabilities		
- Property investments	**11,903**	7,603
- Securities and other investments	**1,922**	83
- Fund management	**8,795**	—
Unallocated liabilities	**559,442**	688,098
Consolidated total liabilities	**582,062**	695,784

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

- all assets are allocated to operating segments other than interests in jointly controlled entities, amounts due from jointly controlled entities, other receivables, refundable deposit paid, short-term bank deposits, bank balances and cash; and
- all liabilities are allocated to operating segments other than other payables, refundable deposit received, taxation payable, borrowings and deferred tax liabilities.

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2012

Other segment information

	Property investments	Securities and other investments	Fund management	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure (Note)	**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**

For the year ended 31 December 2011

Other segment information

	Property investments	Securities and other investments	Total
	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Capital expenditure (Note)	9,690	357	10,047
Depreciation	82	48	130
Gain arising from changes in fair value of investment properties	722	—	722
Gain arising from changes in fair value of financial instruments held for trading	—	8,195	8,195

Note:

The deposit of HK$9,690,000 paid for the acquisition of an investment property in prior year has been realised and transferred to the additions of investment properties during the year.

Notes to the Financial Statements

For the year ended 31 December 2012

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong (place of domicile) and elsewhere in PRC.

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

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
		(Re-presented)		
Hong Kong	**39,229**	54,780	**251,864**	9,802
Elsewhere in the PRC	**10,693**	12,272	**143,259**	142,905
Others	**623**	311	**—**	—
	50,545	67,363	**395,123**	152,707

Information about major customers

In current and prior years, no revenue from individual customer contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	2012	2011
	HK$'000	HK$'000
Bank interest income	**2,313**	768
Others	**331**	—
	2,644	768

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.

At 31 December 2012, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 9,600,000 (2011: 9,600,000), representing 2.15% (2011: 2.15%) of the shares of the Company in issue at that date. The total number of shares in respect of which share options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. 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.

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.

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$1.4

In prior year, 9,600,000 share options were granted and vested on 26 August 2011. The fair value of the share options granted was HK$5,579,000. No share options were being exercised up to the end of the reporting period (2011: Nil).

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

Weighted average share price	HK$1.4
Exercise price	HK$1.4
Expected volatility	51.33%
Expected life	9.82 years
Risk-free rate	1.73%
Expected dividend yield	3.64%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. 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.

The Group recognised the total expense of HK$5,579,000 for the year ended 31 December 2011 in relation to share options granted by the Company.

Notes to the Financial Statements

For the year ended 31 December 2012

8. FINANCE COSTS

The finance costs represent interest on borrowings wholly repayable within five years.

9. INCOME TAX

	2012 HK$'000	2011 HK$'000
The taxation attributable to the Group's operation comprises:		
Current taxation		
Hong Kong Profits Tax	**19**	—
Profits tax outside Hong Kong	**1,059**	1,698
	1,078	1,698
Overprovision in prior years		
Profits tax outside Hong Kong	**(751)**	—
	327	1,698
Deferred taxation		
Current year (Note 30)	**1,672**	54
	1,999	1,752

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/(loss) before taxation per the consolidated income statement as follows:

	2012 HK$'000	2011 HK$'000
Profit/(Loss) before taxation	**8,644**	(16,527)
Tax calculated at the income tax rate applicable to profits in the respective jurisdictions	**572**	(2,227)
Tax effect of expenses not deductible for tax purpose	**6,920**	7,059
Tax effect of income not taxable for tax purpose	**(5,113)**	(3,161)
Tax effect of share of results of jointly controlled entities	**(360)**	(166)
Tax effect of unrecognised tax loss	**31**	373
Tax effect on temporary difference not recognised	**(349)**	—
Tax effect on tax losses being utilised	**(574)**	—
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	**1,623**	—
Overprovision in respect in prior years	**(751)**	—
Others	**—**	(126)
Income tax expense	**1,999**	1,752

10. PROFIT/(LOSS) FOR THE YEAR

	2012	2011
	HK$'000	HK$'000
Profit/(Loss) for the year has been arrived at:		
after charging:		
Auditor's remuneration		
– current year	711	1,200
– underprovision in the prior year	76	15
	787	1,215
Net foreign exchange loss	1,506	—
Rental payments in respect of properties under operating leases	613	180
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	371	79
and after crediting:		
Interest income from investments	34	49
Dividend income from financial instruments held for trading	3,829	600
Net foreign exchange gain	—	182
Gross rental income from investment properties	11,855	12,272
Less: direct operating expenses from investment properties that generated rental income during the year	(138)	(284)
	11,717	11,988

Of the consolidated profit attributable to owners of the Company of HK$6,645,000 (2011: consolidated loss of HK$18,699,000), a loss of HK$19,352,000 (2011: a profit of HK$100,221,000) has been deal with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 December 2012

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 6 (2011: 8) directors were as follows:

2012

	Li Zhenyu	Sum Pui Ying	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

2011

	Li Zhenyu	Sum Pui Ying	Li Jianbo	Zhao Yanjie	Li Hongbo	Law Tze Lun	Lo Woon Bor, Henry	Zheng Yun	Total 2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	119	119	—	—	150	150	150	150	838
Other emoluments									
Share-based compensation	2,325	1,162	—	—	—	—	—	—	3,487
Total emoluments	2,444	1,281	—	—	150	150	150	150	4,325

No directors waived any emoluments for each of the years ended 31 December 2011 and 2012.

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 2012.

12. FIVE HIGHEST PAID INDIVIDUALS

No director' emoluments are included in the five highest paid individuals of the Group during the year ended 31 December 2012. For the year ended 31 December 2011, the five highest paid individuals of the Group included two directors, details of whose emoluments are included in the amounts disclosed in Note 11 above.

The emoluments of the five (2011: three) highest paid employees, other than directors of the Company, are as follows:

	2012	2011
	HK$'000	HK$'000
Salaries and other benefits	**2,966**	669
Share-based compensation	**—**	349
Retirement benefits scheme contributions	**104**	20
	3,070	1,038

Their emoluments were within the following bands:

	2012	2011
	Number of employees	Number of employees
Below HK$1,000,000	**5**	3

The emoluments paid or payable to members of senior management (comprising current or past directors of the Company) were within the following bands:

	2012	2011
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**6**	6
HK$1,000,000 to HK$1,500,000	**—**	1
HK$2,000,000 to HK$2,500,000	**—**	1

13. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2011 and 2012, nor has any dividend been proposed since the end of the reporting period.

14. EARNINGS/(LOSSES) PER SHARE

The calculation of the basic earnings/(losses) per share attributable to owners of the Company is based on the profit for the year of HK$6,645,000 (2011: loss of HK$18,699,000) and on 445,500,000 number of ordinary shares (2011: 445,500,000 ordinary shares) in issue during the year.

The computation of diluted earnings/losses per share does not assume the exercise of the Company's outstanding share options as the exercise of those options is higher than the average market price for shares for both 2012 and 2011.

Notes to the Financial Statements

For the year ended 31 December 2012

15. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
FAIR VALUE	
At 1 January 2011	311,428
Exchange realignment	10,814
Increase in fair value	722
Disposal of a subsidiary	(180,371)
At 31 December 2011	142,593
Exchange realignment	(28)
Additions	251,829
Increase in fair value	465
At 31 December 2012	394,859

The Group's investment properties comprise:

	2012	2011
	HK$'000	HK$'000
Properties held under medium-term leases:		
- elsewhere in the PRC and Hong Kong	**394,859**	142,593

The fair value of the Group's investment properties located in the PRC and Hong Kong as at 31 December 2012 and 2011 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 reports on these properties was signed by a director of BMI Appraisals Limited who is a member of the Hong Kong Institute of Surveyors. The valuation of the properties as at 31 December 2012 and 31 December 2011 were arrived at using the basis of capitalisation of the net income. In the valuation, the market rentals of all lettable units of the properties were assessed and capitalised at market yield expected by investors for this type of properties. The capitalisation rate adopted was 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 revaluation of investment properties during the current year gave rise to a net gain arising from changes in fair value of HK$465,000 (2011: HK$722,000) which has been recognised in profit or loss.

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.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST			
At 1 January 2011	1,198	26	1,224
Exchange realignment	39	—	39
Additions	131	226	357
Disposal	(816)	—	(816)
At 31 December 2011	552	252	804
Exchange realignment	(1)	—	(1)
Additions	—	27	27
At 31 December 2012	551	279	830
DEPRECIATION			
At 1 January 2011	1,032	1	1,033
Exchange realignment	33	—	33
Charged for the year	87	43	130
Eliminated on disposal	(816)	—	(816)
At 31 December 2011	336	44	380
Charged for the year	106	80	186
At 31 December 2012	442	124	566
NET BOOK VALUE			
At 31 December 2012	109	155	264
At 31 December 2011	216	208	424

17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost	**20**	20
Deemed capital contribution (Note 20)	**31,875**	13,429
	31,895	13,449

Details of the Company's subsidiaries at 31 December 2012 and 2011 are set out in Note 40.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP 2012 HK$'000	2011 HK$'000
Unlisted investments, at cost	**4,531**	3,525
Share of post-acquisition profits and other comprehensive income	**2,184**	1,006
	6,715	4,531

As at 31 December 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 indirectly held by the Group %	Principal activities
Sino Prosperity Real Estate (GP) L.P.	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment holdings

The summarised financial information in respect of the Group's interests in the jointly controlled entities, which are accounted for using the equity method, are as follows:

	2012 HK$'000	2011 HK$'000
Non-current assets	**4,606**	2,679
Current assets	**4,791**	2,710
Current liabilities	**(2,682)**	(858)
Income recognised in profit or loss	**5,430**	1,136
Expenses recognised in profit or loss	**(3,246)**	(130)

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

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

As at 31 December 2012, the Group has outstanding commitment 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 United States dollars ("USD") 586,000 (2011: USD586,000).

19. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	HK$'000
Unlisted equity investments, at cost	**36,418**	31,766
Impairment loss on available-for-sale investments	**(330)**	—
	36,088	31,766

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. The Group does not intend to dispose of them in the near future.

Included in the unlisted equity investments, the Group committed to inject capital of USD2,000,000 into an unlisted entity. As at the end of the reporting period, USD1,400,000 (2011: USD800,000) 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.

20. AMOUNTS DUE FROM SUBSIDIARIES AND A FELLOW SUBSIDIARY

The amounts due from subsidiaries and a fellow subsidiary 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 2012 of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries of HK$257,980,000 (2011: HK$94,616,000) 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 2012, the principal amounts due from subsidiaries have been initially adjusted to their fair value with a corresponding increase of HK$31,875,000 (2011: HK$13,429,000) 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 2.69% (2011: 2.69%) per annum, representing the borrowing rates of the relevant subsidiaries.

Notes to the Financial Statements

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21. 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 Renminbi ("RMB") 150,000,000 equivalent HKD 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 30 June 2012.

22. DEPOSITS AND PREPAYMENTS

Included in deposits and prepayments of the Group is rental receivable from tenants amounting to HK$328,000 (2011: HK$231,000).

The rental receivables are past due within 3 months at the end of reporting date but not provided for impairment loss. There is no credit period granted to the tenants.

23. FINANCIAL INSTRUMENTS HELD FOR TRADING

	THE GROUP	
	2012	2011
	HK$'000	HK$'000
Listed securities:		
- Equity securities listed in Hong Kong	**118,039**	54,243
- Equity securities listed in the PRC and the United States of America (the "US")	**38,326**	34,466
- Debt securities listed in US	**—**	420,116
	156,365	508,825

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.

Equity securities listed on the Hong Kong Stock Exchange and New York Stock Exchange with market value of HK$65,905,000 (2011: Nil) are pledged to a bank to secure credit facilities granted to the Group. None of the credit facilities was utilised by the Group as at 31 December 2012.

24. OTHER INVESTMENT

Other investment represents 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.

25. OTHER FINANCIAL ASSETS

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

Short-term bank deposits, 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 0.39% (2011: 0.01% and 1%) per annum respectively.

Bank balances of approximately HK$21,210,000 (2011: Nil) are pledged to a bank to secure credit facilities granted to the Group. None of the credit facilities was utilised by the Group as at 31 December 2012.

The Group had bank balances denominated in RMB amounted to approximately HK$41,887,000 (2011: HK$161,055,000) as at 31 December 2012, which are deposited with the banks and financial institution in the PRC. RMB is currently not a free convertible current 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.

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26. OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges of the Group is tenants' deposits amounting to HK$4,735,000 (2011: HK$2,136,000).

27. BORROWINGS

The maturity profile of the borrowings is as follows:

	THE GROUP	
	2012	2011
	HK$'000	HK$'000
Current:		
Unsecured - within 1 year	**61,664**	—
Non-current:		
Unsecured - after 1 year but within 2 years	**496,833**	500,000
	558,497	500,000

The borrowing of the Group under current liabilities represents an entrusted loan in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which is unsecured, wholly repayable in May 2013 and bearing interest at fixed rates. The average interest rate for the entrusted loan as at 31 December 2012 is 7.34% (2011: Nil) per annum.

The borrowing of the Group and the Company under non-current liabilities represents bank borrowing, 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 2012 is 2.26% (2011: 2.69%) per annum. The bank borrowing is guaranteed by Sino-Ocean Land Holdings Limited, the ultimate holding company of the Group.

28. SHARE CAPITAL

	Number of shares		Amount	
	2012	2011	**2012**	2011
			HK$'000	HK$'000
Ordinary shares of HK$0.05 each				
Authorised:				
At beginning of year	**4,200,000,000**	700,000,000	**210,000**	35,000
Increase on 23 June 2011 (Note)	**–**	3,500,000,000	**–**	175,000
At end of 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

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.

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 statements 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 2011	153,728	—	142,965	296,693
Profit for the year	—	—	100,221	100,221
Share-based compensation (Note 7)	—	5,579	—	5,579
At 31 December 2011	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

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 2011	8,216
Charged to profit or loss	54
Disposals	(3,713)
Exchange realignment	313
At 31 December 2011	4,870
Charged to profit or loss	1,672
Exchange realignment	(1)
At 31 December 2012	6,541

At the end of the reporting period, the Group had unused tax losses of approximately HK$53,104,000 (2011: HK$54,402,000) 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.

No deferred tax liability has been recognised on temporary differences of approximately HK$2,474,000 (equivalent to approximately RMB2,000,000) (2011: Nil) 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.

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31. OPERATING LEASE COMMITMENTS

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	
	2012	2011
	HK$'000	HK$'000
Within one year	**2,184**	716
In the second to fifth year inclusive	**4,248**	550
	6,432	1,266

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.

The Group as lessor:

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	
	2012	2011
	HK$'000	HK$'000
Within one year	**13,541**	6,254
In the second to fifth year inclusive	**8,793**	2,275
	22,334	8,529

32. CAPITAL COMMITMENTS

	THE GROUP	
	2012	2011
	HK$'000	HK$'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of investment property	**—**	54,910
– Capital contribution to a jointly controlled entity (Note 18)	**4,543**	4,554
– Capital contribution to an unlisted equity investment (Note 19)	**4,651**	9,327
	9,194	68,791

33. 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 2012, the retirement benefits cost charged to the consolidated income statement of HK$371,000 (2011: HK$79,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

34. RELATED PARTY TRANSACTIONS

Other than the amounts due from subsidiaries, amounts due from jointly controlled entities, amount due from a fellow subsidiary and short term borrowing as disclosed in respective notes and transactions disclosed below, the Group and the Company does not entered into any transactions with related parties.

The compensation to key management personnel comprises only the directors' emoluments, details of which are disclosed in Note 11.

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 directors.

	2012	2011
	HK$'000	HK$'000
Transactions with fellow subsidiaries:		
- Rents	**802**	542
- Building management fee	**60**	20
- Repairs and maintenance	**—**	301
	862	863

35. 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.

35. CAPITAL RISK MANAGEMENT *(Continued)*

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

	2012	2011
	HK$'000	HK$'000
Debt	558,497	500,000
Cash and cash equivalents	(399,244)	(274,489)
Net debt	159,253	225,511
Equity	492,554	488,124
Net debt to equity ratio	32.3%	46.2%

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Available-for-sale investments	36,088	31,766	—	—
FVTPL - Held for trading	156,365	508,825	—	—
Loans and receivables	1,352	186,570	838,512	833,879
Cash and cash equivalents	399,244	274,489	32,646	74,772
Financial liabilities				
Amortised cost	570,447	688,026	497,667	502,710

(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 (see below) 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 manage its foreign currency risks by constantly monitoring the movement of the foreign exchange rates.

36. FINANCIAL INSTRUMENTS *(Continued)*

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

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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
USD	**9,188**	9,722	—	—
RMB	**15,623**	239,723	—	—
HKD	**244,550**	85,640	**160**	—
	269,361	335,085	**160**	—
THE COMPANY				
USD	**8,192**	8,566	**–**	—
RMB	**10,363**	49,471	**–**	—
	18,555	58,037	**–**	—

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

Foreign currency sensitivity

As HKD is currently pegged to USD, management considers that the exposure to exchange fluctuation in respect of USD is limited as the relevant group entities have HKD 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.

36. FINANCIAL INSTRUMENTS *(Continued)*

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

Foreign currency sensitivity *(Continued)*

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 HKD 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 2012 or a decrease/(an increase) in loss in 2011.

	2012		2011	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit or loss**	Increase/ (decrease) in foreign exchange rates	Effect on profit or loss
		HK$'000		HK$'000
THE GROUP				
RMB against HKD	**10%**	**1,562**	10%	23,972
	(10%)	**(1,562)**	(10%)	(23,972)
THE COMPANY				
RMB against HKD	**10%**	**1,036**	10%	4,947
	(10%)	**(1,036)**	(10%)	(4,947)

(d) Interest rate risk management

The Group obtained financing through borrowings. The borrowings bear interests on floating rates and will be wholly repayable in 2013 and 2014. Accordingly, the Group is not 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 include analysis on borrowings.

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

36. FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate risk management *(Continued)*

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 2012) 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 2012 would increase/decrease by HK$2,484,000 (2011: HK$2,500,000).

(e) Other price risks

The Group is exposed to price risk through its investment held for trading, comprising listed equity securities measured at fair value and the available-for-sale investments measured at cost at the end of the reporting period. The management has performed analysis of the nature of market risk associated with the equity securities, 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.

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

Price sensitivity

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 respective equity securities had been 10% higher/lower, the Group's gain for the year ended 31 December 2012 would decrease/increase by HK$15,636,500 (2011: loss would decrease/increase by HK$50,883,000) 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.

Notes to the Financial Statements

For the year ended 31 December 2012

36. FINANCIAL INSTRUMENTS *(Continued)*

(f) Credit risk management

Except for the deposit paid to an independent third party which are described in Note 21, 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 refundable deposit paid is fully secured by a refundable deposit received; accordingly the directors considered that the credit risk is limited. As explained in Note 21, the refundable deposit paid and received have been fully refunded and repaid during the year respectively.

The Company has concentration of credit risk as approximate 96% (2011: 91%) 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.

(g) Liquidity risk management

In the management of the liquidity risk, the Group and the Company monitors and maintains 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.

36. FINANCIAL INSTRUMENTS *(Continued)*

(g) Liquidity risk management *(Continued)*

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 2012							
Other payables and accrued charges	—	3,150	5	8,794	4,736	16,685	16,685
Borrowings	3.30	1,300	3,732	70,257	506,062	581,351	558,497
		4,450	3,737	79,051	510,798	598,036	575,182
31 December 2011							
Other payables and accrued charges	—	3,001	—	—	2,136	5,137	5,137
Refundable deposit received	—	185,025	—	—	—	185,025	185,025
Borrowings	2.69	—	2,242	10,088	521,296	533,626	500,000
		188,026	2,242	10,088	523,432	723,788	690,162

THE COMPANY	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 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
31 December 2011							
Other payables and accrued charges	—	2,710	—	—	—	2,710	2,710
Borrowings	2.69	—	2,242	10,088	521,296	533,626	500,000
		2,710	2,242	10,088	521,296	536,336	502,710

Notes to the Financial Statements

For the year ended 31 December 2012

36. 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

The financial instruments held for trading is measured subsequent to initial recognition at fair value, grouped into Level 1 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. As at 31 December 2012, the fair value of financial instruments held for trading is HK$156,365,000 (2011: HK$508,825,000).

Other than set out in Note 23, the fair value 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.

37. 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 15, 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 judgment 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 19) 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.

38. EVENT AFTER THE REPORTING PERIOD

Disposal of subsidiary

On 8 February 2013, the Company entered into a sale and purchase agreement (the "Disposal Agreement"), pursuant to which the Company conditionally agreed to sell the entire issued share capital in Trendex Investment Limited, a directly wholly-owned subsidiary, to Pacific Sunrise Holdings Limited, an independent third party, at an aggregate cash consideration of approximately RMB138,000,000 (equivalent to approximately HK$171,000,000). The consideration will be settled by cash. After the completion of disposal, Trendex Investment Limited will cease to be a subsidiary of the Company. Details of which are stated in the announcement dated 8 February 2013.

Due to the above transaction is subject to several conditions as set out in the Disposal Agreement to be fulfilled before the completion of disposal, the assets and liabilities attributable to the subsidiary that are expected to be sold have not been reclassified as assets and liabilities held for sale and separately presented in the statements of financial position.

The disposal transaction is expected to be completed within twelve months from the date of the sale and purchase agreement.

The operation of Trendex Investment Limited is included in the Group's property investments for segment reporting purposes.

Notes to the Financial Statements

For the year ended 31 December 2012

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

Disposal of Great Wise Investment Limited shares

On 5 September 2011, the Group entered into the framework agreement with Sino-Ocean Land (Hong Kong) Limited ("SOL HK") in relation to the establishment and management of the jointly controlled entities (Note 18), which became an investment platform of the Group to invest in certain real estate projects in the PRC and to expand the Group's revenue from property related investment. Pursuant to the agreement, Sino Prosperity Real Estate Limited, one of the jointly controlled entities acquired 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 interests 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 advanced to Great Wise by Fund Holdco One to SOL HK at a price of USD103,318,000 or its equivalent in other currencies. It is expected that the completion of disposal will take place on or before 8 March 2013.

39. COMPARATIVE FIGURES

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

40. SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2012 and 2011 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 2012 %	2011 %	Principal activities
E.P. Resources Limited	Hong Kong	Hong Kong	HK$10,000	**100***	100*	Inactive
Joy Sky Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100***	100*	Investment holding
Gemini Investment (HK) Limited	Hong Kong	Hong Kong	HK$2	**100***	100*	Securities investment
Trendex Investment Limited	Hong Kong	Elsewhere in the PRC	HK$10,000	**100***	100*	Property investment
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
Billion Fast Corporation Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Huge Bloom Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Inactive
Max Energy Development Limited	Hong Kong	Hong Kong	HK$1	**100***	100	Investment holding
Global Charm Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
Moral Smart Capital Investment Limited	Hong Kong	Hong Kong	HK$1	**100**	—	Inactive
Chance Bright Limited	Cayman Islands	Hong Kong	USD1	**100***	100	Investment holding
Billion Thrive Limited	British Virgin Islands ("BVI")	Hong Kong	USD1	**100**	100	Property investment
Jian Feng Holdings Limited	BVI	Hong Kong	USD1	**100**	100	Property investment
Jin Ying Investments Limited	BVI	Hong Kong	USD1	**100**	100	Investment holding
Sheng Hai Limited	BVI	Hong Kong	USD1	**100**	100	Inactive
Sheng Mao Investments Limited	BVI	Hong Kong	USD1	**100***	100	Investment holding
Soar Ocean Limited	BVI	Hong Kong	USD1	**100**	100	Inactive
Soar Profit Holdings Limited	BVI	Hong Kong	USD1	**100**	100	Investment holding
Soar Talent Holdings Limited	BVI	Hong Kong	USD1	**100**	100	Investment holding

Notes to the Financial Statements

For the year ended 31 December 2012

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 2012 %	2011 %	Principal activities
Keen Superior Holdings Limited	BVI	Hong Kong	USD1	**100**	—	Property investment
Talent Elite Holdings Limited	BVI	Hong Kong	USD1	**100**	—	Property investment
Eminent Energy Holdings Limited	BVI	Hong Kong	USD1	**100**	—	Investment Holding
Ultimate Ventures Holdings Limited	BVI	Hong Kong	USD1	**100**	—	Property investment
Fame Gate Developments Limited	BVI	Hong Kong	USD1	**100**	—	Investment Holding
Gemini Overseas Investments Limited (formerly known as Perfect Riches Holdings Limited)	BVI	Hong Kong	USD1	**100**	—	Inactive
杭州盛能投資諮詢有限公司#	PRC	Elsewhere in the PRC	USD16,000	**100**	100	Investment holding
盛洋(北京)投資顧問有限公司#	PRC	Elsewhere in the PRC	RMB100,000	**100**	100	Investment holding

* Directly held by the Company
\# These companies established in the PRC are wholly owned foreign enterprises

Five-Year Financial Summary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December,

	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
		(Restated)		(Re-presented)	
Turnover	1,782,553	24,678	18,727	67,363	**50,545**
Profit/(Loss) before taxation	(87,146)	89,015	(24,965)	(16,527)	**8,644**
Taxation	(1,812)	(10,232)	(1,372)	(1,752)	**(1,999)**
Profit/(Loss) for the year	(88,958)	78,783	(26,337)	(18,279)	**6,645**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December,

	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	841,848	913,370	538,062	1,183,908	**1,074,616**
Total liabilities	(255,535)	(242,966)	(22,586)	(695,784)	**(582,062)**
	586,313	670,404	515,476	488,124	**492,554**
Equity attributable to:					
Owners of the Company	555,380	636,098	501,140	488,124	**492,554**
Non-controlling interests	30,933	34,306	14,336	—	**—**
	586,313	670,404	515,476	488,124	**492,554**

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

AUTHORISED 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