盛洋投资

Gemini Investments (Holdings) Limited

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

2017 INTERIM REPORT

CONTENTS

Financial Highlights

(HKD'000)	**Six months ended 30 June 2017 (unaudited)**	Six months ended 30 June 2016 (unaudited)
Revenue	**35,643**	9,638
Loss before income tax	**(81,343)**	(288,685)
Loss for the period	**(92,225)**	(288,685)
Loss attributable to owners of the Company	**(92,225)**	(288,685)
Losses per share — basic (HK dollar)	**(0.20)**	(0.64)

(HKD'000)	**As at 30 June 2017 (unaudited)**	As at 31 December 2016 (audited)
Total assets	**5,966,681**	5,926,243
Equity attributable to owners of the Company	**5,416,405**	3,834,192
Cash and cash equivalents	**830,882**	1,121,440
Net gearing ratio (times)	**—**	0.24

On behalf of the board of directors of Gemini Investments (Holdings) Limited (the "**Company**") (the "**Director(s)**" or the "**Board**"), I have the pleasure to present the result of the Company and its subsidiaries (together referred to as "**our Group**" or "**We**"/"**we**") for the six months ended 30 June 2017 (the "**Interim Period**").

INTERIM RESULTS FOR 2017

During the Interim Period, our Group recorded a loss attributable to its owners of approximately HK$92.2 million, mainly due to finance cost of approximately HK$81.8 million which included the non-cash imputed interest expenses of approximately HK$57.1 million relating to the loans (the "**Shareholder's Loan**") borrowed from Grand Beauty Management Limited ("**Grand Beauty**"), a subsidiary of our controlling shareholder, Sino-Ocean Group Holding Limited ("**Sino-Ocean**"), during the Interim Period.

The Board does not recommend the payment of any interim dividend for the Interim Period.

CORE MOVES DURING THE INTERIM PERIOD

With an aim to proactively address the non-cash accumulated losses and significant finance costs on the Shareholder's Loan, our Group has been actively seeking for ways to improve its financial position and optimise its capital structure so as to secure a good position to seize business opportunities. Accordingly, in order to enhance the debt to equity ratio and improve the financing and capital structure of the Company, in May 2017, the Company (i) entered into a subscription agreement with Grand Beauty to issue unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million, with the consideration payable by Grand Beauty to be satisfied by setting off against the entire outstanding principal amount of the Shareholder's Loan and related interests accrued thereon as at 31 May 2017, and (ii) executed a deed of cancellation with Grand Beauty pursuant to which Grand Beauty agreed to the proposed implementation of a reduction of capital of the Company involving the cancellation of around 470.7 million convertible preference shares (the "**CPS**") previously issued by the Company to Grand Beauty. Upon completion of the capital reduction of the Company, the Company's net asset value per ordinary share is anticipated to be increased by HK$3.13 based on the assumption that no CPS have been converted into new ordinary shares of the Company, and the number of the CPS held by Grand Beauty will be reduced from 1.3 billion to approximately 829.3 million.

We expect that following the issue of the perpetual bond and the capital reduction, (i) the Company will have greater flexibility in making decisions on its dividend policy, (ii) the financial position of the Group will be improved and the Company may be in a position to negotiate for more favorable financing terms in the future, and (iii) the confidence of the potential investors and business partners in the prospects of our Group will be enhanced which allows our Group to negotiate for better commercial terms for future projects.

Chairman's Statement

DEVELOPMENT PROSPECTS

In anticipation that global economy will continue to recover in 2017 at a slow pace, accompanied by new challenges and opportunities, our Group will continue to focus on growing and improving the quality of our real estate portfolio, while carefully maintaining its diversity and managing downside risk, with a view to elevating efficiency and improving results for our shareholders.

The United States of America (the "**U.S.**") will continue to be our key focus area, under the backdrop of relatively stable economy and growing property market. Benefiting from our solid foundation of our fully integrated real estate platform, Gemini-Rosemont Realty LLC ("**GR Realty**"), with strong financial resources and over 200 real estate expertise located in over 10 regional offices, we aim to more efficiently capture sound business opportunities in the U.S., through a variety of flexible structure and investment forms. Moreover, with GR Realty's over 25 years distinct experience in proactive asset management to provide a full scope of services in managing real estate investment projects, we are able to constructively monitor and execute post-acquisition management, so as to maximize value and identify recycling opportunities that further improve overall portfolio quality.

Further, we will keep a close eye on Hong Kong and other core overseas markets, take proactive move when sound opportunity arises, while staying cautious on the market and investment selection, under the backdrop of increasing unpredictability of political events.

We will continue to promote inspiring management culture, in which our employees can unfold their full potential, demonstrate their commitment and achieve performance excellence, aiming to maximize long-term values for our stakeholders.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, business partners and bank enterprises for being supportive; also to our directors, management and our staff for their hard and dedicated work. With the continuous support from our controlling shareholder, Sino-Ocean, we will continue to forge ahead and accelerate our growth and development in the future.

LI Ming
Honorary Chairman

Hong Kong, 27 July 2017

FINANCIAL REVIEW

Revenue

During the Interim Period, our Group recorded a significant increase in revenue to approximately HK$35.6 million (for the six months ended 30 June 2016: approximately HK$9.6 million), which was mainly due to return of approximately HK$16.4 million recorded from an investment project in Melbourne in Australia, and increase in rental income of approximately HK$9.6 million as a result of our acquisition of properties in the U.S. in the second half of 2016.

Other Income

Other income, which mainly comprised loan interest income derived from our loans to a joint venture and investee, improved slightly from approximately HK$20.1 million to approximately HK$22.4 million.

Changes in fair value of financial instruments held for trading

A loss from changes in fair value of financial instruments held for trading of approximately HK$24.9 million was recorded, due to volatile global capital market during the Interim Period (for the six months ended 30 June 2016: a loss of approximately HK$16.9 million).

Share of results of joint ventures

Profit arising from share of results of joint ventures of approximately HK$9.1 million was recorded during the Interim Period as compared to loss of approximately HK$128.7 million for the six months ended 30 June 2016. For the six months ended 30 June 2016, significant loss of approximately HK$159.5 million was recognised on share of results of a joint venture of the Company, namely Sino Prosperity Real Estate Fund L.P. (the "**SPRE Fund**"). Our Group disposed its entire interest held in the SPRE Fund in June 2016.

Finance Cost

Finance cost for the Interim Period, which mainly comprised interest cost from (i) the Shareholder's Loan and (ii) bank loan, decreased from approximately HK$141.7 million to approximately HK$81.8 million. This was mainly due to decrease in non-cash imputed interest expense relating to the Shareholder's Loan from approximately HK$108.4 million for the six months ended 30 June 2016 to approximately HK$57.1 million during the Interim Period as a result of the issue of the perpetual bond to replace the Shareholder's Loan as elaborated further in the paragraph headed "Issue of the Perpetual Bond" below.

Loss attributable to owners of the Company

Loss attributable to owners of the Company improved from loss of approximately HK$288.7 million to loss of approximately HK$92.2 million for the Interim Period. Consequently, our Group recorded basic losses per share of approximately HK$0.20 for the Interim Period versus basic losses per share of approximately HK$0.64 for the six months ended 30 June 2016. Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Management Discussion & Analysis

Issue of the Perpetual Bond

On 31 May 2017, the Company and Grand Beauty entered into a subscription agreement pursuant to which the Company agreed to issue and Grand Beauty agreed to subscribe for an unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million (the "**Perpetual Bond**"), with the consideration payable by Grand Beauty to be satisfied by setting off against the entire outstanding principal amount of the Shareholder's Loan and related interest accrued. The Perpetual Bond was issued on the same date of 31 May 2017. As a result of this transaction, the Shareholder's Loan has been derecognised as the liability of the Company whilst the Perpetual Bond recognised as the equity of the Company. The details of this transaction are set out in the Company's announcement dated 1 June 2017 and circular dated 13 June 2017.

Proposed Capital Reduction involving Cancellation of Convertible Preference Shares and Elimination of Accumulated Losses

On 31 May 2017, Grand Beauty executed a deed of cancellation in favour of the Company pursuant to which Grand Beauty agreed to the proposed implementation of a capital reduction of the Company (the "**Capital Reduction**") involving the cancellation of around 470.7 million convertible preference shares previously issued by the Company to Grand Beauty, representing approximately 36.2% of all the convertible preference shares then in issue by the Company. As disclosed in the circular of the Company dated 13 June 2017, subject to the Capital Reduction becoming effective in accordance with the Companies Ordinance of Hong Kong, a credit of approximately HK$1,412.0 million will arise from the Capital Reduction and be transferred to a capital reduction reserve account of the Company, and such credit will be applied to set off against the accumulated losses of the Company of approximately HK$1,228.2 million standing in its accounts as at 31 December 2016, with the remaining credit balance of approximately HK$183.8 million following such set-off to be applied to set off against any future accumulated losses of the Company arising after 31 December 2016.

The Capital Reduction, which is still subject to satisfaction of certain other conditions, had been approved by way of special resolution by the shareholders of the Company at an extraordinary general meeting of the Company held on 5 July 2017.

Financial Resources and Liquidity

As at 30 June 2017, the carrying amount of our total borrowings decreased to approximately HK$496.0 million (as at 31 December 2016: approximately HK$2,048.9 million), mainly as a result of the issue of the Perpetual Bond as mentioned above. Apart from the above, our Group did not have any other interest bearing debt as at 30 June 2017.

Total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$830.9 million as at 30 June 2017 (as at 31 December 2016: approximately HK$1,121.4 million). The current ratio improved from approximately 4.53 times as at 31 December 2016 to around 37.83 times as at 30 June 2017, and our Group did not have any gearing on a net debt basis as at 30 June 2017 as compared to net gearing ratio of 24% as at 31 December 2016. Such change arose mainly as a result of the issue of the Perpetual Bond (which is recognized as the equity of the Company) and derecognition of the Shareholder's Loan as mentioned above.

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

Pledged Assets

As at 30 June 2017, our Group did not have any pledged assets.

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

As our Group's assets and liabilities were mainly denominated in Hong Kong Dollars, U.S. Dollars and RMB, in view of the potential RMB exchange rate fluctuations, our Group has entered relative hedging to mitigate the foreign exchange rate risk and will continue to closely monitor the exposure and take any actions when appropriate.

OPERATION REVIEW

During the Interim Period, our Group adhered to the philosophy of value investment and actively optimizing its asset allocation. An analysis of our Group's turnover and contribution to operating result for the Interim Period by our principal activities is set out in Note 5 to the unaudited condensed consolidated financial statements of our Group as disclosed in this report below.

Investment in Fund Platform

GR Realty, in which our Group has 45% membership interests, acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S. During the Interim Period, our Group shared a profit of approximately HK$9.1 million as a result of its interest in GR Realty and received dividend of approximately HK$29.0 million from GR Realty and certain syndicated projects controlled by GR Realty. As at 30 June 2017, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK$965.3 million.

During the Interim Period, GR Realty continued to engage in the ownership and/or management of its investment portfolio, comprising over 60 commercial properties (100 buildings), with over 12.5 million square feet in 20 states across the U.S. Benefiting from GR Realty's professional expertise, well-established market resources, proactive asset management strategy, and efficient local execution experiences, our Group aims to capture quality investment opportunities in the U.S. property market, strengthen our Group's presence therein, and diversify our investment in fund platform business and property investment portfolio to a large number of states in the U.S.

Management Discussion & Analysis

Property Investments and Development

Rental income increased by approximately HK$9.1 million to approximately HK$18.3 million, mainly attributable to the rental income of approximately HK$9.6 million received from the office building in Durham, North Carolina, U.S. which was acquired in the second half of 2016. Revaluation gain of approximately HK$14.8 million was recorded during the Interim Period (for the six months ended 30 June 2016: approximately HK$9.4 million). As at 30 June 2017, our Group held investment properties comprising A-grade office premises in Hong Kong and U.S. with gross floor area of approximately 16,000 square feet and 146,000 square feet respectively, and residential units in New York with gross floor area of approximately 17,000 square feet. The average occupancy rate for all the above investment properties (based on square feet) was over 86% as at 30 June 2017.

In April 2017, our Group completed the acquisition of two buildings located at 531-537, and 539 Sixth Avenue, Manhattan, New York City, the U.S. for an aggregate consideration of US$53.0 million (equivalent to approximately HK$412.0 million). A proposed demolition of the two buildings and a redevelopment plan of gross floor area of approximately 80,000 square feet on the sites are now being explored so as to bring further value to the Company and our shareholders.

Fund Investments

Our fund investment portfolio, classified as available-for-sale investments, recorded carrying value of approximately HK$2,160.5 million as at 30 June 2017 (as at 31 December 2016: approximately HK$2,115.1 million). Apart from other movement, an increase of approximately HK$45.4 million in fair value of fund investment was recorded in other comprehensive income for the Interim Period, due to proactive investment approach implemented.

Through fund investments, our Group targets to capture more sound investment opportunities, diversify its risk exposure, and further enhance its rate of return through efficient management and a wider access to investment channels.

Securities and Other Investments

During the Interim Period, our Group recorded a loss from changes in fair value of financial instruments held for trading of approximately HK$24.9 million due to volatile global capital market in the Interim Period (for the six months ended 30 June 2016: a loss of approximately HK$16.9 million). Also, our Group recorded dividend income from securities and other investments of approximately HK$17.3 million (for the six months ended 30 June 2016: approximately HK$0.4 million) which was mainly as a result of return of approximately HK$16.4 million from our minority interest in a property development project in Melbourne, Australia.

As at 30 June 2017, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong and overseas of approximately HK$186.9 million (as at 31 December 2016: HK$160.3 million). Securities investment forms part of our Group's cash management activities and we maintain a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

Employees

As at 30 June 2017, the total number of staff employed was 24 (as at 31 December 2016: 23). During the Interim Period, the level of our overall staff cost was approximately HK$17.6 million (for the six months ended 30 June 2016: approximately HK$13.7 million).

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. Our Group recruits and promotes individuals based on their performance and development potentials in the positions offered. When formulating staff salary and benefit policies, our Group gives primary consideration to their individual performance and prevailing salary levels in the market.

Contingent Liabilities

As at 30 June 2017, our Group had no significant contingent liabilities.

Subsequent Event after the Reporting Period

At the extraordinary general meeting of the Company held on 5 July 2017, the shareholders of the Company had passed a special resolution to approve the Capital Reduction. As disclosed in the circular and the announcement of the Company dated 13 June 2017 and 5 July 2017 respectively, the Capital Reduction is subject to satisfaction of certain conditions. The Company will make further announcement as and when appropriate in accordance with the applicable Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited when the Capital Reduction becomes effective.

Independent Review Report

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

To the Board of Directors of Gemini Investments (Holdings) Limited
盛洋投資(控股)有限公司
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 49, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the "Company") as of 30 June 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

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

SCOPE OF REVIEW

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

CONCLUSION

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

BDO Limited
Certified Public Accountants
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 27 July 2017

Condensed Consolidated Income Statement

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Sales proceeds from disposal of financial instruments held for trading	4	**166,888**	171,360
Revenue	5	**35,643**	9,638
Other income	6	**22,359**	20,108
Employee costs		**(17,561)**	(13,054)
Share-based compensation		**—**	(599)
Depreciation		**(281)**	(573)
Other expenses		**(37,064)**	(18,940)
Loss arising from changes in fair value of financial instruments held for trading	4	**(24,900)**	(16,904)
Gain arising from changes in fair value of investment properties	11	**14,856**	9,443
Share of results of joint ventures	12	**9,140**	(128,706)
Loss on disposal of a subsidiary		**—**	(7,388)
Provision for impairment loss on available-for-sale investments	13	**(1,703)**	—
Finance costs	7	**(81,832)**	(141,710)
Loss before income tax		**(81,343)**	(288,685)
Income tax	8	**(10,882)**	—
Loss for the period		**(92,225)**	(288,685)
Loss for the period attributable to:			
Owners of the Company		**(92,225)**	(288,685)
Losses per share for loss attributable to owners of the Company	9		
— Basic (HK dollar)		**(0.20)**	(0.64)
— Diluted (HK dollar)		**N/A**	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period	**(92,225)**	(288,685)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Change in fair value of available-for-sale investments	**45,353**	(14,845)
Exchange differences on translation of foreign operations	**4,301**	(215)
Share of other comprehensive income of joint ventures	**—**	(12,062)
Release of exchange reserve upon disposal of a subsidiary	**—**	73,406
Other comprehensive income for the period	**49,654**	46,284
Total comprehensive income for the period	**(42,571)**	(242,401)
Total comprehensive income attributable to:		
Owners of the Company	**(42,571)**	(242,401)

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Non-current assets			
Investment properties	11	**730,253**	713,052
Property, plant and equipment		**2,255**	2,243
Interests in joint ventures	12	**965,311**	985,149
Available-for-sale investments	13	**2,176,877**	2,223,958
Loan receivables	14	**424,658**	604,031
		4,299,354	4,528,433
Current assets			
Deposits, prepayments and other receivables		**24,938**	7,426
Deposits paid for acquisition of properties held for resale		—	50,023
Properties under development		**426,682**	—
Loan receivables	14	**206,566**	47,611
Amount due from a fellow subsidiary	15	**1,377**	665
Financial instruments held for trading		**176,882**	170,645
Short-term bank deposits		**204,414**	440,314
Bank balances and cash		**626,468**	681,126
		1,667,327	1,397,810
Current liabilities			
Other payables and accrued charges		**43,956**	36,267
Taxation payable		**47**	123
Borrowings	16	**66**	272,513
		44,069	308,903
Net current assets		**1,623,258**	1,088,907
Total assets less current liabilities		**5,922,612**	5,617,340

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Capital and reserves			
Share capital	17	**184,881**	184,881
Reserves		**5,231,524**	3,649,311
Total equity		**5,416,405**	3,834,192
Non-current liabilities			
Borrowings	16	**495,915**	1,776,477
Deferred tax liabilities		**10,292**	6,671
		506,207	1,783,148
Total equity and non-current liabilities		**5,922,612**	5,617,340

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

(Unaudited)	Share capital (Note 17)	Convertible preference shares reserve (Note 18)	Capital contribution	Share option reserve	Available-for-sale financial assets reserve	Translation reserve	Accumulated losses	Attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2016	184,881	3,898,698	867,560	23,439	(18,738)	(48,304)	(951,190)	3,956,346
Other comprehensive income								
— Change in fair value of available-for-sale investments	—	—	—	—	(14,845)	—	—	(14,845)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	(215)	—	(215)
— Share of other comprehensive income of joint ventures	—	—	—	—	—	(12,062)	—	(12,062)
— Release of exchange reserve upon disposal of a subsidiary	—	—	—	—	—	73,406	—	73,406
Loss for the period	—	—	—	—	—	—	(288,685)	(288,685)
Total comprehensive income for the period	—	—	—	—	(14,845)	61,129	(288,685)	(242,401)
Equity settled share-based transactions	—	—	—	599	—	—	—	599
Capital contribution through borrowings from parent	—	—	75,350	—	—	—	—	75,350
Balance at 30 June 2016	184,881	3,898,698*	942,910*	24,038*	(33,583)*	12,825*	(1,239,875)*	3,789,894

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

(Unaudited)	Share capital *(Note 17)*	Convertible preference shares reserve *(Note 18)*	Perpetual bond *(Note 19)*	Capital contribution	Share option reserve	Available-for-sale financial assets reserve	Translation reserve	Accumulated losses	Attributable to owners of the Company
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2017	184,881	3,898,698	—	942,910	23,871	(24,010)	12,114	(1,204,272)	3,834,192
Other comprehensive income									
— Change in fair value of available-for-sale investments	—	—	—	—	—	45,353	—	—	45,353
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	4,301	—	4,301
Loss for the period	—	—	—	—	—	—	—	(92,225)	(92,225)
Total comprehensive income for the period	—	—	—	—	—	45,353	4,301	(92,225)	(42,571)
Capital contribution through borrowings from parent (Note 16(c))	—	—	—	24,924	—	—	—	—	24,924
Issue of perpetual bond (Note 19)	—	—	1,599,860	—	—	—	—	—	1,599,860
Transfer (Note 19)	—	—	659,644	(659,644)	—	—	—	—	—
Balance at 30 June 2017	**184,881**	**3,898,698***	**2,259,504***	**308,190***	**23,871***	**21,343***	**16,415***	**(1,296,497)***	**5,416,405**

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before income tax	**(81,343)**	(288,685)
Adjustments for:		
Depreciation	**281**	573
Loss arising from changes in fair value of financial instruments held for trading	**24,900**	16,904
Share-based compensation	**—**	599
Share of results of joint ventures	**(9,140)**	128,706
Gain arising from changes in fair value of investment properties	**(14,856)**	(9,443)
Finance costs	**81,832**	141,710
Interest income from bank deposits	**(1,428)**	(1,266)
Other interest income	**(19,224)**	(18,828)
Written off of property, plant & equipment	**20**	—
Provision for impairment loss on available-for-sale investment	**1,703**	—
Loss on disposal of a subsidiary	**—**	7,388
Operating loss before working capital changes	**(17,255)**	(22,342)
Increase in deposits and prepayments	**(10,619)**	(1,865)
Increase in deposits paid for acquisition of properties held for resale	**—**	(47,463)
Increase in amount due from a fellow subsidiary	**(712)**	—
(Increase)/decrease in financial instrument held for trading	**(31,137)**	66,986
Increase in other payables and accrued charges	**11,604**	1,716
Cash used in operations	**(48,119)**	(2,968)
Income tax paid	**(7,081)**	—
Net cash used in operating activities	**(55,200)**	(2,968)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(41)**	(2)
Consideration paid for acquiring investment properties	**—**	(4,485)
Acquisition of available-for-sale investments	**—**	(23,333)
Consideration paid for acquiring properties under development	**(376,659)**	—
Prepayment for subscription of available-for-sale investments	**—**	(336)
Capital repayment of an available-for-sale investment	**89,977**	—
Capital return from an available-for-sale investment	**779**	—
Capital contributions to joint venture	**—**	(408)
Distribution from joint venture	**29,023**	10,413
Loans advanced to an investee	**—**	(10,000)
Loans advanced to a joint venture	**—**	(43,623)
Loan repayment from a member of a joint venture	**2,047**	—
Loan repayment from a trustee	**22,577**	4,043
Net cash inflows from disposal of a subsidiary	**—**	1,131,379
Interest received	**12,883**	17,378
Net cash (used in)/generated from investing activities	**(219,414)**	1,081,026

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Repayment of borrowings	**—**	(574,572)
Repayment of obligation under finance lease	**(36)**	(30)
Interest paid	**(17,604)**	(23,368)
Repayment to a fellow subsidiary	**—**	(65,880)
Net cash used in financing activities	**(17,640)**	(663,850)
Net (decrease)/increase in cash and cash equivalents	**(292,254)**	414,208
Cash and cash equivalents at beginning of the period	**1,121,440**	851,494
Effect of foreign exchange rate changes	**1,696**	(358)
Cash and cash equivalents at end of the period	**830,882**	1,265,344
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	**204,414**	107,876
Bank balances and cash	**626,468**	1,157,468
	830,882	1,265,344

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements of Gemini Investments (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2016 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies in Hong Kong in due course as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Chapter 622).

2. BASIS OF PREPARATION

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA")), and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2016.

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

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

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions And Advance Consideration[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instrument with HKFRS 4 Insurance Contract[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI") as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss. This change in policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported performance amounts such as profit and earnings per share.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9, Financial instruments *(Continued)*

(a) Classification and measurement (Continued)

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge relationship and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue for contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, HKFRS 15 does not affect the revenue recognition to the Group as the revenue of the Group mainly derived from rental income and dividend income earned from investments including financial assets at fair value through profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee. HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As set out in note 20, total operating lease commitment of the Group in respect of rented premises as at 30 June 2017 amounted to HK$914,000. The Group does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that the right-of-use assets and the lease liabilities will be recognised in the Group's statement of financial position. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. Except as described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and position and/or the disclosures to the financial statements of the Group.

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

The sales proceeds of the financial instruments held for trading by the Group disposed of during the interim periods of 2017 and 2016 amounted to approximately HK$166,888,000 and HK$171,360,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the interim periods of 2017 and 2016, including gain or loss arising from disposal of those financial instruments and unrealised gain or loss from changes in fair value of those financial instruments, are presented as "Loss arising from changes in fair value of financial instruments held for trading" in the condensed consolidated income statement.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

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

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

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

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

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 segments for the period under review:

Six months ended 30 June 2017

	Investment in fund platform	Properties investments and development	Fund investments	Securities and other investments	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	–	18,303	–	184,228	202,531
Less: Sales proceeds from disposal of financial instruments held for trading	–	–	–	(166,888)	(166,888)
Revenue as presented in the condensed consolidated income statement	–	18,303	–	17,340	35,643
Segment results	16,248	22,983	(131)	(17,841)	21,259
Interest income from bank deposits					1,428
Finance costs					(81,832)
Unallocated corporate expenses					(22,198)
Loss before income tax					(81,343)

5. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2016

	Investment in fund platform HK$'000 (Unaudited)	Properties investments and development HK$'000 (Unaudited) *(Represented)	Fund investments HK$'000 (Unaudited) *(Represented)	Securities and other investments HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue	—	9,208	—	171,790	180,998
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(171,360)	(171,360)
Revenue as presented in the condensed consolidated income statement	—	9,208	—	430	9,638
Segment results	(125,429)	20,721	(675)	(14,616)	(119,999)
Interest income from bank deposits					1,266
Finance costs					(141,710)
Unallocated corporate expenses					(28,242)
Loss before income tax					(288,685)

* During the six months ended 30 June 2016, the Group was involved in property development, through an investment in fund which was presented in the operating segment of fund investments. For the six months ended 30 June 2017, the property development business grouped under business segment, "Property investment", has been reallocated to a new segment "Property investment and development" in order to have much accurate presentation on resource allocation and performance assessment.

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

Segment results represent the profit or loss by each segment without allocation of interest income from bank deposits, unallocated corporate expenses (including central administration costs, share-based compensation and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

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

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Assets		
Segment assets		
— Investment in fund platform	**1,486,132**	1,458,852
— Property investment and development	**1,400,780**	968,578
— Fund investments	**2,174,170**	2,141,775
— Securities and other investments	**570,446**	758,581
Unallocated assets	**335,153**	598,457
Consolidated total assets	**5,966,681**	5,926,243
Liabilities		
Segment liabilities		
— Investment in fund platform	**16,460**	12,068
— Property investment and development	**13,650**	9,087
— Fund investments	**—**	48
— Securities and other investments	**8,280**	12,023
Unallocated liabilities	**511,886**	2,058,825
Consolidated total liabilities	**550,276**	2,092,051

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

Segment liabilities included all liabilities are allocated to operating segments other than tax payable, borrowings and unallocated other payables.

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

6. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**1,428**	1,266
Other interest income	**19,224**	18,828
Others	**1,707**	14
	22,359	20,108

7. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**23,521**	32,264
Imputed interest expense on other borrowings (Notes 16(c),(d)&(e))	**57,140**	108,351
Others	**1,171**	1,095
	81,832	141,710

8. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Over provision in prior period	**(14)**	—
PRC Enterprise Income Tax		
— Provision for the period	**11**	—
Overseas taxation		
— Provision for the period	**7,317**	—
Deferred taxation	**3,568**	—
	10,882	—

No Hong Kong Profits Tax has been provided as the Group has no estimated assessable profit for the period (six months ended 30 June 2016: Nil)

All of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax rate ranged from 10% to 25% (six months ended 30 June 2016: 25%).

Tax on profits of overseas subsidiaries is provided for in accordance with relevant local laws at the applicable rates.

9. LOSSES PER SHARE

The calculation of the losses per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK$92,225,000 (six months ended 30 June 2016: HK$288,685,000) and on the weighted average number of 450,990,000 ordinary shares (six months ended 30 June 2016: 450,990,000 ordinary shares) in issue during the period.

No adjustment has been made to basic losses per share amount presented for the periods ended 30 June 2017 and 30 June 2016 in respect of a dilution as the impact of share option and convertible preference shares outstanding had an anti-dilutive effect on the basic losses per share amount presented.

10. INTERIM DIVIDEND

The directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2016: Nil).

11. INVESTMENT PROPERTIES

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
At the beginning of the period/year	**713,052**	528,275
Additions	**—**	156,264
Exchange realignment	**2,345**	111
Gains on revaluation of investment properties	**14,856**	28,402
At the end of the period/year	**730,253**	713,052

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Properties in Hong Kong	**365,900**	351,200
Properties in the United States ("the US")	**364,353**	361,852
	730,253	713,052

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

The fair values of the Group's investment properties, including office, premises, villa which included carpark, residential properties and office building. Those investment properties located in Hong Kong and the US as at 30 June 2017 and 31 December 2016 have been arrived at on the basis of a valuation carried out on that dates by BMI Appraisals Limited ("BMI Appraisals"), which is independent qualified professional valuer not connected with the Group. The valuation reports on these properties were signed by a director of BMI Appraisals Limited who is member of the Hong Kong Institute of Surveyors.

The revaluation of investment properties during the current period gave rise to a net gain arising from changes in fair value of HK$14,856,000 (six months ended 30 June 2016: HK$9,443,000) which has been recognised in profit or loss. 85% (31 December 2016: 88%) of the investment properties of the Group are rented out under operating leases as at 30 June 2017.

The fair value of investment properties is a level 3 recurring fair value measurement.

12. INTERESTS IN JOINT VENTURES

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Share of net assets other than goodwill	**929,814**	949,883
Goodwill	**35,497**	35,266
At the end of the period/year	**965,311**	985,149

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	**985,149**	2,167,916
Capital contributions	**—**	408
Dividend distribution	**(29,023)**	(24,765)
Disposal	**—**	(1,060,153)
Share of post-acquisition profits/(losses) and other comprehensive income	**9,140**	(98,257)
Exchange difference	**45**	—
At the end of the period/year	**965,311**	985,149

12. INTERESTS IN JOINT VENTURES *(Continued)*

As at 30 June 2017 and 31 December 2016, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of ownership interests/voting rights/ profit share		Principal activities
					30 June 2017	31 December 2016	
Gemini-Rosemont Realty LLC	Limited liability company	The US	The US	Class A membership interests *	**45%**	45%	Property investment & management
Rosemont WTC Denver GPM LLC	Limited liability company	The US	The US	Membership interests #	**100%**	100%	Property investment & management
Rosemont Diversified Portfolio II LP	Limited partnership	The US	The US	Limited partnership interests #	**37.19%**	37.19%	Property investment & management

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

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

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

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

12. INTERESTS IN JOINT VENTURES *(Continued)*

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

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

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

On 31 March 2017, Property Fund further acquired further 18.423% class B membership interest of Gemini-Rosemont from Gemini-Rosemont JV Member LLC. As a result, Property Fund held 30% and 18.423% of class A and class B membership interests respectively in Gemini-Rosemont as at 30 June 2017.

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

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

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

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

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

12. INTERESTS IN JOINT VENTURES *(Continued)*

On 21 August 2015, the Group acquired the entire membership interest of Denver GPM LLC from Rosemont at a consideration of US$5,500,000 together with additional contribution of US$9,500,000. On the same date, the Group also subscribed approximately 37.19% limited partnership interest in Portfolio II LP at a consideration of US$34,388,000. The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment as at 30 June 2017 and 31 December 2016.

For the six months ended 30 June 2017, the Group shared the post-acquisition results of Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to loss of US$465,000, loss of US$357,000 and profit of US$1,992,000, respectively (equivalent to approximately loss of HK$3,621,000, loss of HK$2,776,000 and profit of HK$15,537,000 respectively) (six months ended 30 June 2016: profit of US$2,434,000, loss of US$215,000 and profit of US$1,884,000 respectively (equivalent to approximately profit of HK$18,873,000, loss of HK$1,667,000 and profit of HK$14,617,000 respectively).

For the six months ended 30 June 2017, the Group received dividend distribution from Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to US$2,250,000, US$112,000 and US$1,375,000 respectively (equivalent to approximately HK$17,455,000, HK$868,000 and HK$10,700,000 respectively) (six month ended 30 June 2016: Denver GPM LLC and Portfolio II LP amounted to US$221,000 and US$1,373,000 respectively (equivalent to approximately HK$1,716,000 and HK$10,657,000 respectively).

13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Unlisted equity investments, at cost (Note (a))	**14,761**	105,492
Club debenture (Note (b))	**3,669**	3,669
Unlisted fund investments (Note (c))	**2,160,480**	2,115,127
Impairment loss on available-for-sale investments	**(2,033)**	(330)
	2,176,877	2,223,958

Notes:

(a)(i) At the end of reporting period, the unlisted equity investments included investments in unlisted equity securities issued by private entity incorporated outsides Hong Kong amounted to HK$12,725,000 (31 December 2016: HK$13,505,000) after impairment provision, of which the Group holds less than 2% (31 December 2016: less than 2%) of the equity interest of the investee.

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

Notes: *(Continued)*

(a)(ii) As at 30 June 2017, the Group held 5% unlisted equity interest in a PRC entity which was determined as impaired (31 December 2016: RMB1,500,000 (equivalent to approximately HK$1,677,000)). A provision for impairment loss of HK$1,703,000 has been recognised during the period (six months ended 30 June 2016: Nil).

(a)(iii) As at 30 June 2017, the Group held 199 ordinary units and 14,285,316 of the class A units of A' Beckett Street Trust (the "Trust") and 199 trustee's ordinary shares in the capital of P'0006 A' Beckett Pty Ltd. (the "Trustee") amounted to Australian dollar ("A$") 398 (equivalent to approximately HK$3,000) (31 December 2016: 199 ordinary units, and 14,285,316 of the class A units of the Trust and 199 trustee's ordinary shares in the capital of the Trustee amounted to A$14,285,714 (equivalent to approximately HK$89,980,000)). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia. As at 30 June 2017, the development project has been completed. Preferred return and capital repayment of the class A units of the Trust has been received by the Group during the period.

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

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) At the end of reporting period, the club debenture of HK$3,669,000 (31 December 2016: HK$3,669,000) were classified as available-for-sale investment which are stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

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

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At fair value (Notes (c)(i), (c)(ii) & (c)(iii))	**421,343**	375,990
At cost (Notes (c)(iv) & Notes (c)(v))	**1,739,137**	1,739,137
	2,160,480	2,115,127

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

Notes: *(Continued)*

(c)(i) At the end of reporting period, the Group held approximately 341,000 (31 December 2016: 341,000) participating redeemable preference shares ("Participating Shares") in an investment entity incorporated outside Hong Kong for diversifying the Group's securities investment risk and further enhance the rate of return of the Group's core business of securities investment. The fair value of the Participating Shares held by the Group as at 30 June 2017 was approximately HK$117,396,000 (31 December 2016: approximately HK$112,130,000).

(c)(ii) At the end of reporting period, the Group held approximately 141,000 (31 December 2016: 141,000) participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the "Sub-Fund A"). The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity to generate positive returns in all market conditions. The fair value of participating redeemable preference shares of the Sub-Fund A held by the Group as at 30 June 2017 was approximately HK$175,766,000 (31 December 2016: approximately HK$154,978,000).

(c)(iii) At the end of reporting period, the Group also held approximately 110,000 (31 December 2016: 110,000) participating redeemable preference shares in another sub-fund of the above mentioned investment entity (the "Sub-Fund B"). The Sub-Fund B invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest on, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term of different asset classes. The fair value of participating redeemable preference shares of the Sub-Fund B held by the Group as at 30 June 2017 was approximately HK$128,181,000 (31 December 2016: approximately HK$108,882,000).

(c)(iv) At the end of the reporting period, the Group held approximately 1,012,000 (31 December 2016: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and approximately 637,000 (31 December 2016: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund"). The carrying values of the investments in the Property Fund and the Private Equity Fund as at 30 June 2017 are approximately HK$775,818,000 (31 December 2016: approximately HK$775,818,000) and approximately HK$500,506,000 (31 December 2016: approximately HK$500,506,000) respectively.

The investment objective of the Property Fund is to achieve medium to long term capital appreciation through investing substantially all of its assets available for investment in residential, industrial, retail and commercial real estate and related investments primarily in Hong Kong, the US and potentially to a lesser extent in Singapore and countries that are members of the Organisation for Economic Co-operation and Development.

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

Notes: *(Continued)*

(c)(iv) *(Continued)*

The investment objective of the Private Equity Fund is to achieve medium to long term capital appreciation through investing in one or more collective investment schemes that invest predominantly in real estate and related investments in the US, Europe and/or Australia.

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

(c)(v) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP ("PRB Fund"), pursuant to which the Group agreed to contribute commitments for a total amount of US$60,000,000 (equivalent to approximately HK$465,000,000) as a limited partner to PRB Fund. The amount of the Group's commitments represents 7.5% of the total commitments of US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 30 June 2017, the carrying value of the investment in PRB Fund is approximately HK$462,813,000 (31 December 2016: HK$462,813,000).

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in PRC companies established for the purpose of developing real estates in the PRC with an expected return of not less than 6% per annum on the debt instruments.

At 30 June 2017, the Group has outstanding commitments to make capital contribution of approximately US$285,000 (equivalent to approximately HK$2,222,000) (31 December 2016: US$285,000 (equivalent to approximately HK$2,207,000)).

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

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

14. LOAN RECEIVABLES

	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
Current:		
Loans to a joint venture (Note (a))	**26,566**	26,395
Loan to the Trustee (Note (c))	**—**	21,216
Loan to investee (Note (b))	**180,000**	—
	206,566	47,611
Non-current:		
Loans to a joint venture (Note (a))	**414,658**	411,989
Loan to investee (Note (b))	**10,000**	190,000
Loan to member of a joint venture (Note (d))	**—**	2,042
	424,658	604,031
	631,224	651,642

Notes:

(a) As at 30 June 2017, loan receivables of US$3,404,000 (equivalent to approximately HK$26,566,000) (31 December 2016: US$3,404,000 (equivalent to approximately HK$26,395,000)) in aggregate are due from the joint venture. These loans are unsecured, interest-bearing at 5% per annum and repayable on demand, therefore are classified under current assets at the end of the reporting period.

In addition, loan receivables of US$53,125,000 (equivalent to approximately HK$414,658,000) (31 December 2016: US$53,125,000 (equivalent to approximately HK$411,989,000)) in aggregate are due from the joint venture as at 30 June 2017. Among the loan receivables of US$53,125,000, there was a working capital facility of US$10,000,000 granted by the Group to Gemini-Rosemont, a joint venture on 31 December 2014 as described in Note 12. These loans are unsecured, interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021 (31 December 2016: within 2020 and 2021), accordingly are classified as non-current assets at the end of the reporting period.

(b) As at 30 June 2017, the loan receivables due from an investee of approximately HK$190,000,000 of which HK$180,000,000 under current assets is repayable within 2018 and the remaining balance amounted to HK$10,000,000 under non-current assets is repayable within 2019. (31 December 2016: HK$190,000,000 in aggregate under non-current assets). These loans are unsecured, interest-bearing at 6% per annum and guaranteed by the Property Fund, a member holds 30% and 18.423% of class A and class B membership interests respectively in Gemini-Rosemont (Note 12).

14. LOAN RECEIVABLES *(Continued)*

Notes: *(Continued)*

(c) As at 31 December 2016, a loan receivable of A$4,121,170 (equivalent to approximately HK$21,216,000) is due from the Trustee in relation to an available-for-sale investment (Note 13(a)(iii)). This loan is unsecured and interest-bearing at 10% per annum. On 4 May 2017, the loan receivable was fully settled.

(d) As at 31 December 2016, a loan receivable of US$263,368 (equivalent to approximately HK$2,042,000) is due from a member holding class B membership interests in Gemini-Rosemont. This loan is secured, interest-bearing at 6% per annum and repayable in 2020. On 31 March 2017, the loan receivable was fully settled.

15. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount due was unsecured, interest-free and repayable on demand.

16. BORROWINGS

The maturity profile of the borrowings is as follows:

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current:		
Obligation under finance lease	**66**	45
Bank and other loans		
— unsecured and repayable within 1 year (Note (c))	**—**	272,468
	66	272,513
Non-current:		
Obligation under finance lease	**248**	25
Bank loan and other loans		
— unsecured and repayable after 1 year but within 2 years (Notes (a) & (d))	**96,000**	851,693
— unsecured and repayable after 2 years but within 5 years (Note (a))	**399,667**	448,667
— unsecured and repayable after 5 years (Note (e))	**—**	476,092
	495,915	1,776,477
	495,981	2,048,990

The bank and other loans of the Group at the end of the reporting period represented:

16. BORROWINGS *(Continued)*

Notes:

(a) As at 30 June 2017, a bank borrowing amounted to HK$495,667,000 of which HK$96,000,000 under non-current liabilities is repayable after 1 year but within 2 years and the remaining balance amounted to HK$399,667,000 under non-current liabilities is wholly repayable after 2 years but within 5 years (31 December 2016: HK$494,667,000 of which HK$46,000,000 under non-current liabilities is repayable after 1 year but within 2 years and the remaining balance amounted to HK$448,667,000 under non-current liabilities is wholly repayable after 2 year but within 5 years). This bank borrowing is unsecured and bearing interest at floating rate. The average interest rate as at 30 June 2017 is 2.06% (31 December 2016: 1.93%) per annum.

(b) On 31 May 2017, the Company and Grand Beauty entered in the subscription agreement pursuant to which the Company has agreed to issue and Grand Beauty has agreed to subscribe for the perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million. After the issue of the perpetual bond, the carrying amounts of the borrowings as mentioned in note (c), (d) and (e) together with interest accrued thereon as at 31 May 2017 amounting to approximately HK$1,599.8 million in aggregate was derecognised as the liability of the Company. Refer to note 19 to the Interim Financial Statement for the details of the perpetual bond.

(c) On 12 August 2015, a borrowing amounted to US$100 million (equivalent to approximately HK$775,096,000) ("Other Borrowing I") was provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Group Holding Limited, the ultimate parent of the Company. The Other Borrowing I was drawdown on 17 August 2015 ("Drawdown Date I"). The amount due was unsecured, wholly repayable in February 2016 and interest bearing at fixed rate of 2.04% per annum. On 17 February 2016 ("Extension date I"), the maturity date of the Other Borrowing I was extended to 16 February 2017. On 28 June 2016, Other Borrowing I amounted to approximately US$64,402,000 (equivalent to approximately HK$499,733,000) was repaid. On 10 February 2017 ("Extension date II"), the maturity date of the remaining balance of Other Borrowing I was further extended to 16 February 2018.

The fair value of the Other Borrowing I on Drawdown Date I, the Extension date I and Extension date II were US$95,113,000 (equivalent to approximately HK$737,216,000), US$90,330,000 (equivalent to approximately HK$703,869,000), and US$32,386,000 (equivalent to HK$251,306,000) respectively, which were determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing I was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 13.06% per annum after the Drawdown Date I, 13.77% per annum after the Extension Date I and 12.26% per annum after the Extension Date II.

The carrying value of Other Borrowing I as at the Extension Date II was HK$276,230,000. Due to this borrowing is provided by Grand Beauty, the difference between the carrying value and fair value at the Extension Date II which amounted to HK$24,924,000 represented a capital contribution through borrowings from parent and was recognised in the condensed consolidated statement of changes in equity.

Imputed interest expense of approximately HK$10,363,000 (six months ended 30 June 2016: HK$67,934,000) (Note 7) has been recognised in profit or loss for the six months ended 30 June 2017.

As mentioned in note 16(b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing I amounting to HK$258,914,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing I was HK$272,468,000 and it was classified as repayable within 1 year under current liabilities.

16. BORROWINGS *(Continued)*

Notes: *(Continued)*

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

The fair value of the Other Borrowing II on Drawdown Date II was US$94,199,000 (equivalent to approximately HK$730,129,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing II was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.24% per annum. Imputed interest expense of approximately HK$32,170,000 (six months ended 30 June 2016: HK$24,692,000) (Note 7) was recognised in profit or loss in the six months ended 30 June 2017.

As mentioned in note 16(b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing II amounting to HK$841,095,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing II was HK$805,693,000 and it was classified as repayable after 1 year but within 2 years under non-current liabilities.

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

The fair value of the Other Borrowing III on Drawdown Date III was HK$431,361,000, which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing III was subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.34% per annum. Imputed interest expense of approximately HK$14,607,000 (six months ended 30 June 2016: HK$15,725,000) (Note 7) was recognised in profit or loss in six months ended 30 June 2017.

As mentioned in note 16(b) above, after the issue of the perpetual bond on 31 May 2017, the carrying value of the Other Borrowing III amounting to HK$490,699,000 was derecognised. As at 31 December 2016, the carrying value of the Other Borrowing III was HK$476,092,000 and was classified as repayable after 5 years under non-current liabilities.

(f) On 31 August 2015, the Group has entered into a facility agreement with Grand Beauty with the facility amount of US$700 million (equivalent to approximately HK$5,463,731,000). The facility has not been utilised as at 30 June 2017 and 31 December 2016. The facility granted is unsecured, wholly repayable in 2020 and interest bearing at fixed rate of 2.04% per annum.

17. SHARE CAPITAL

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Issued and fully paid:		
450,990,000 (2016: 450,990,000) ordinary shares	**184,881**	184,881

There are no changes in the composition of the issued capital of the Company during the current interim period.

18. CONVERTIBLE PREFERENCE SHARES RESERVE

On 23 December 2014, the Company issued 1,300,000,000 non-voting convertible preference shares (the "CPSs") of HK$3 each with total subscription price of HK$3,900,000,000 to its parent, Grand Beauty, after the approval from the independent shareholders of the Company at the extraordinary general meeting held on the same date.

All the CPSs are non-redeemable by the Company and the CPSs holder shall have no right to request the Company to redeem any of the CPSs. Also subject to certain limited exceptions, the CPSs holder is not permitted to attend or vote at meetings of the Company. The board of directors of the Company may, in its sole discretion, elect not to pay dividend on the CPSs in any year, and the dividend not paid shall be extinguished and not be carried forward (the "Discretionary Non-payment Restriction"). Save for a non-cumulative floating preference dividend at the floating rate per annum determined with reference to the prevailing annualised yield-to-maturity rate of the 10-year Government Bonds issued by the Hong Kong Government (which is subject to the Discretionary Non-payment Restriction), the CPSs shall not entitle the CPSs holders thereof to any further or other right of participation in the profits of the Company.

During the term of the CPSs, subject to certain conversion restrictions, the holder of the CPSs shall only have right to convert all or part of any CPSs into new ordinary shares at any time after the end of the period of 5 years commencing from the issue date of the CPSs, at the initial conversion price of HK$3 per convertible preference share, subject to adjustments.

Details of the CPSs were set out in the announcements of the Company dated 26 October 2014 and 24 November 2014, and the Company's circular dated 27 November 2014.

As the conversion option involves only a conversion of a fixed number of the Company's ordinary shares (i.e. settled by the exchange of fixed amount of equity), the CPSs are classified as equity instruments accordingly.

The CPSs' proceeds of HK$3,900,000,000, net of professional expenses of HK$1,302,000, has been recognised as the convertible preference shares reserve in the condensed consolidated statement of changes in equity.

19. PERPETUAL BOND

On 31 May 2017, the Company issued unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million to Grand Beauty.

According to the subscription agreement, the consideration payable by Grand Beauty to the Company for the subscription of the perpetual bond shall be satisfied by setting off against the entire outstanding principal amount of other borrowings as described in Notes 16 (c), (d) & (e) and related interests accrued thereon as at the date of issue of the perpetual bond in an aggregate amount of approximately HK$2,259.5 million.

The perpetual bond confers a right to receive distribution at 0.01% per annum on the principal amount and has no fixed redemption date. The Company may elect to cancel or defer (in whole or in part) any distribution accrued on the perpetual bond at its sole and absolute discretion. The Company may elect to redeem (in whole but not in part) the perpetual bond at 100% of the outstanding principal amount, together with any distribution accrued thereon, on the date falling 10 years after the date of issue of the perpetual bond (the "First Call Date") or any distribution payment date after the First Call Date. The perpetual bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and ranks in priority over any shares or convertible preference shares of the Company in respect of any payment in the event of liquidation, dissolution or winding up (whether voluntary or involuntary) of the Company.

The carrying amounts of the other borrowings as stated above together with interest accrued thereon as at 31 May 2017 amounting to approximately HK$1,599.8 million in aggregate has been used to settle the above consideration payable. The capital contribution previously recognised through the other borrowings provided by Grand Beauty amounting to approximately HK$659.7 million was derecognised and transferred to the perpetual bond. The perpetual bond is considered as an equity of the Company.

20. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the end of reporting period, 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:

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**914**	3,590

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

The Group as lessor:

Property rental income earned during the period is disclosed in Note 5. The properties held by the Group have committed tenants for the lease term ranging from 4 months to 8 years and rentals are fixed over the lease terms.

At the end of the reporting period, 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:

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**29,459**	30,655
In the second to fifth year inclusive	**53,870**	52,319
After five years	**3,345**	3,288
	86,674	86,262

21. CAPITAL COMMITMENTS

Capital expenditures contracted, but not provided for at the end of the reporting period in respect of:

	30 June 2017	31 December 2016
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Capital contribution to an unlisted investment (Note 13(c)(v))	2,222	2,207
Acquisition of properties held for resale located in the US	—	369,917
	2,222	372,124

22. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2017 is HK$1,763,000 (six months ended 30 June 2016: HK$4,457,000).

Other than the loans to a joint venture, amounts due from a fellow subsidiary and borrowings as disclosed in respective notes and transactions disclosed below, the Group did not entered into other material transactions with related parties.

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2017, the Group entered into the following transactions with its related parties. The transactions were carried out at estimated market prices determined by the Group's management.

22. RELATED PARTY TRANSACTIONS *(Continued)*

		Six months ended 30 June	
		2017	2016
	Note	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Transaction with parent			
— Interest paid/payable		**18,408**	27,185
Transactions with fellow subsidiaries:			
— Rents paid		**200**	208
— Building management fee paid		**20**	21
		220	229
Transaction with a joint venture			
— Building management fee paid		**191**	—
— Other loan interest income	(a)	**(12,738)**	(12,124)
		(12,547)	(12,124)

(a) As described in Note 14(a), loan receivables of US$56,529,000 (equivalent to approximately HK$441,224,000) in aggregate are due from the joint venture as at 30 June 2017. The interest income derived from the loan receivables during the current period was approximately HK$12,738,000 (six months ended 30 June 2016: HK$12,124,000).

(b) As described in Note 16(f), the Group has entered into a facility agreement with Grand Beauty with the facility amount of US$700 million (equivalent to approximately HK$5,463,731,000) on 31 August 2015. The facility has not been utilised by the Group as at 30 June 2017 and 31 December 2016.

(c) As described in Note 19, the Company issued unsecured perpetual bond in an aggregate principal amount of approximately HK$2,259.5 million to Grand Beauty.

23. FAIR VALUE MEASUREMENT

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 condensed consolidated statement of financial position

Certain available-for-sale investments and the financial instruments held for trading are measured subsequent to initial recognition at fair value, grouped into Level 2 and Level 1 respectively based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those available-for-sale investments (Notes 13(c)(i), c(ii) & c(iii)) in Level 2 is the share of the net assets value of the funds at the end of the reporting period, taking into account the quoted price of the listed equity securities held by the funds.

As at 30 June 2017, the fair values of available-for-sale investments and financial instruments held for trading are HK$421,343,000 (31 December 2016: HK$375,990,000) and HK$176,882,000 (31 December 2016: HK$170,645,000) respectively.

24. EVENTS AFTER REPORTING PERIOD

As at 30 June 2017, the Company has 1.3 billion CPSs in issue, all of which were issued by the Company to Grand Beauty on 23 December 2014 at the total subscription price of HK$3.9 billion (Note 18).

On 31 May 2017, Grand Beauty executed the deed of cancellation in favour of the Company pursuant to which Grand Beauty agreed to the proposed implementation of the reduction of the Company's capital involving the cancellation of 470,666,666 CPSs held by Grand Beauty (" Capital Reduction"), which represented approximately 36.2% of all the CPSs in issue as at 30 June 2017.

At the extraordinary general meeting of the Company held on 5 July 2017 (the "EGM"), the shareholders of the Company had passed a special resolution to approve the Capital Reduction.

Following completion of the Capital Reduction, the credit in the amount of approximately HK$1,412.0 million in the CPSs reserve account of the Company arising from the Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK$1,412.0 million in the capital reduction reserve account of the Company shall be applied to set off against the accumulated losses of the Company. After the elimination of the accumulated losses, the balance remained in the capital reduction reserve account of the Company shall be applied to set off against any future accumulated losses of the Company.

Details of the Capital Reduction were set out in the announcement and the circular of the Company dated 1 June 2017 and 13 June 2017 respectively.

After the shareholders approved the Capital Reduction at the EGM and up to the date of the authorisation of the condensed consolidated financial statement, the Capital Reduction is still subject to the satisfaction of certain conditions as required under the Companies Ordinance.

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

As at 30 June 2017, the interests and short positions of the directors (the "**Directors**") and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange were as follows:

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

Under the share option scheme of the Company as mentioned in the section headed "Share Option Scheme" below, share options were granted to the following Directors which entitled them to subscribe for ordinary shares of the Company (the "**Shares**"). Accordingly, they were regarded as interested in the underlying Shares. Details of the share options of the Company held by them as at 30 June 2017 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2017	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2017
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.887%
SUM Pui Ying	Beneficial owner	26 August 2011	26 August 2011 — 22 June 2021	2,000,000 (L)	1.40	0.443%
		9 August 2013	9 August 2013 — 22 June 2021	16,000,000 (L)	0.96	3.548%
				Total: 18,000,000 (L)		3.991%

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2017	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2017
CUI Yueming	Beneficial owner	9 March 2015	9 March 2015 — 22 June 2021	790,000 (L)	1.27	0.175%
LAI Kwok Hung, Alex	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	3,000,000 (L)	0.96	0.665%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
				Total: 3,500,000 (L)		0.776%
LI Hongbo	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	1,000,000 (L)	0.96	0.222%
		9 March 2015	9 March 2015 — 22 June 2021	500,000 (L)	1.27	0.111%
				Total: 1,500,000 (L)		0.333%

Note:

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

Other Information

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

As at 30 June 2017, the interests of the Directors in the shares of Sino-Ocean Group Holding Limited ("**Sino-Ocean**", together with its subsidiaries, the "**Sino-Ocean Group**") (being an associated corporation of the Company) were as follows:

Name of Directors	Capacity	Number of shares in Sino-Ocean	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2017
LI Ming	Beneficial owner	3,127,000 (L)	0.042%
	Founder of discretionary trust	127,951,178 (L) (Note 1)	1.702%
	Beneficiary of trust	11,046,950 (L) (Note 2)	0.147%
		Total: 142,125,128 (L)	1.891%
SUM Pui Ying	Beneficial owner	2,313,557 (L)	0.031%
CUI Yueming	Beneficial owner	176,978 (L)	0.002%
LI Hongbo	Beneficial owner	186,363 (L)	0.002%

Notes:

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

2. The 11,046,950 shares in Sino-Ocean are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

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

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

Sino-Ocean has adopted two schemes for the benefits of eligible directors and employees of Sino-Ocean Group in order to provide an incentive for directors and employees of the Sino-Ocean Group.

One of the schemes is the restricted share award scheme adopted by Sino-Ocean on 22 March 2010 (the "**Adoption Date**") as an incentive to retain and encourage the employees of the Sino-Ocean Group for the continual operation and development of the Sino-Ocean Group. Pursuant to the restricted share award scheme, shares up to 3% of the issued share capital of Sino-Ocean as at the Adoption Date shall be purchased by the trustee from the market out of cash contributed by the Sino-Ocean 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, which is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated earlier in accordance with the provisions of such share option scheme. This scheme was adopted for the purpose of providing an incentive for employees of the Sino-Ocean Group to work with commitment towards enhancing the value of Sino-Ocean and to compensate employees of the Sino-Ocean Group for their contribution based on their individual performance. Under the share option scheme of Sino-Ocean, share options may be granted to eligible directors and employees of the Sino-Ocean Group to subscribe for new shares in Sino-Ocean.

In respect of the restricted share award scheme of Sino-Ocean, 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 (being an associated corporation of the Company) pursuant to the provisions of the SFO. Details of share awards held by them as at 30 June 2017 were as follows:

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at 30 June 2017	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2017
LI Ming	Beneficial owner	18 March 2015	604,870 (L)	0.008%
		25 March 2016	982,380 (L)	0.013%
		31 March 2017	2,280,000 (L)	0.030%
			Total: 3,867,250 (L)	0.051%
SUM Pui Ying	Beneficial owner	18 March 2015	217,755 (L)	0.003%
		25 March 2016	345,188 (L)	0.005%
		31 March 2017	680,000 (L)	0.009%
			Total: 1,242,943 (L)	0.017%

Name of Directors	Capacity	Date of grant	Number of shares in Sino-Ocean awarded but not yet vested as at 30 June 2017	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2017
CUI Yueming	Beneficial owner	18 March 2015	24,190 (L)	less than 0.001%
		25 March 2016	51,398 (L)	0.001%
		31 March 2017	180,000 (L)	0.002%
			Total: 255,588 (L)	0.003%
LI Hongbo	Beneficial owner	18 March 2015	24,190 (L)	less than 0.001%
		25 March 2016	85,628 (L)	0.001%
		31 March 2017	180,000 (L)	0.002%
			Total: 289,818 (L)	0.003%

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

Regarding the share option scheme adopted by Sino-Ocean, the following Directors had been granted share options to subscribe for shares in Sino-Ocean and were accordingly regarded as interested in the underlying shares of Sino-Ocean (being an associated corporation of the Company) pursuant to the provisions of the SFO. Details of the share options of Sino-Ocean held by them as at 30 June 2017 were as follows:

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 3)		Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2017	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2017 relative to the issued share capital of Sino-Ocean as at 30 June 2017
LI Ming	Beneficial owner	27 August 2015	(Note 1)		1,800,000 (L)	4.04	0.024%
		13 April 2016	(Note 2)		20,000,000 (L)	3.80	0.266%
				Total:	21,800,000 (L)		0.290%
SUM Pui Ying	Beneficial owner	27 August 2015	(Note 1)		800,000 (L)	4.04	0.011%
		13 April 2016	(Note 2)		5,000,000 (L)	3.80	0.067%
				Total:	5,800,000 (L)		0.077%

Name of Directors	Capacity	Date of grant of share options	Exercise period (Note 3)		Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2017	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2017 relative to the issued share capital of Sino-Ocean as at 30 June 2017
CUI Yueming	Beneficial owner	27 August 2015	(Note 1)		450,000 (L)	4.04	0.006%
		13 April 2016	(Note 2)		3,000,000 (L)	3.80	0.040%
				Total:	3,450,000 (L)		0.046%
LI Hongbo	Beneficial owner	27 August 2015	(Note 1)		700,000 (L)	4.04	0.009%
		13 April 2016	(Note 2)		4,000,000 (L)	3.80	0.053%
				Total:	4,700,000 (L)		0.063%

Notes:

1. Exercisable from 27 August 2016 to 26 August 2020.

2. Exercisable from 13 April 2017 to 12 April 2021.

3. All the above share options of Sino-Ocean 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.

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

As at 30 June 2017, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

Details of share option movements under the Share Option Scheme during the six months ended 30 June 2017 (the "**Interim Period**") were summarized as follows:

			Number of Shares over which options are exercisable						
	Date of grant	Exercise price per Share HK$	Balance as at 1 January 2017	Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Balance as at 30 June 2017	Exercise period
Directors									
LI Ming	9 August 2013	0.96	4,000,000 (L)	–	–	–	–	4,000,000 (L)	9 August 2013 – 22 June 2021
SUM Pui Ying	26 August 2011	1.40	2,000,000 (L)	–	–	–	–	2,000,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	16,000,000 (L)	–	–	–	–	16,000,000 (L)	9 August 2013 – 22 June 2021
CUI Yueming	9 March 2015	1.27	790,000 (L)	–	–	–	–	790,000 (L)	9 March 2015 – 22 June 2021
LAI Kwok Hung, Alex	9 August 2013	0.96	3,000,000 (L)	–	–	–	–	3,000,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	500,000 (L)	–	–	–	–	500,000 (L)	9 March 2015 – 22 June 2021
LI Hongbo	9 August 2013	0.96	1,000,000 (L)	–	–	–	–	1,000,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	500,000 (L)	–	–	–	–	500,000 (L)	9 March 2015 – 22 June 2021
Employees of the Group	26 August 2011	1.40	1,300,000 (L)	–	–	–	–	1,300,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	5,820,000 (L)	–	–	–	–	5,820,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	2,500,000 (L)	–	–	–	–	2,500,000 (L)	9 March 2015 – 22 June 2021
Total			37,410,000 (L)	–	–	–	–	37,410,000 (L)	

Notes:

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS" and the section headed "SHARE OPTION SCHEME" above:

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

(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 Interim Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2017, 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:

Name	Nature of Interest/capacity	Number of Shares/ underlying Share	Approximate percentage of interest in the issued Share as at 30 June 2017
Sino-Ocean	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	357.55%
Shine Wind Development Limited	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	357.55%
Faith Ocean International Limited	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	357.55%
Sino-Ocean Land (Hong Kong) Limited ("**SOL HK**")	Interest of controlled corporation (Note 2)	1,612,504,625 (L)	357.55%
Grand Beauty Management Limited ("**Grand Beauty**")	Beneficial owner	312,504,625 (L)	69.29%
	Beneficial owner	1,300,000,000 (L) (Note 1)	288.25%
	Total:	1,612,504,625 (L)	357.55%

Notes:

1. These shares represent the 1.3 billion underlying Shares which may be allotted and issued to Grand Beauty, a wholly-owned subsidiary of Sino-Ocean, upon exercise in full the conversion rights attaching to the 1.3 billion non-voting convertible preference shares issued by the Company on 23 December 2014.

2. Grand Beauty was wholly-owned by SOL HK. SOL HK was wholly-owned by Faith Ocean International Limited which was in turn wholly-owned by Shine Wind Development Limited. Shine Wind Development Limited was wholly-owned by Sino-Ocean. In view of their respective direct or indirect 100% shareholding interest in Grand Beauty, each of SOL HK, Faith Ocean International Limited, Shine Wind Development Limited and Sino-Ocean was deemed under the SFO to be interested in the 1,612,504,625 Shares in which Grand Beauty was interested.

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

Save as disclosed herein, as at 30 June 2017, 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 Shares.

CORPORATE GOVERNANCE

During the Interim Period, the Company has complied with the applicable code provisions (the "**Code Provisions**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as and when they were/are in force, except for Code Provisions A.6.7 and E.1.2 which require chairman of the Board to attend the annual general meeting of the Company and non-executive Directors to attend general meetings of the Company.

Due to other pre-arranged business commitments which had to be attended, (i) Mr. LI Ming (the honorary chairman of the Board and non-executive Director) and Mr. LI Hongbo (a non-executive Director) were unable to attend the annual general meeting of the Company held on 21 April 2017 (the "**AGM**") and the extraordinary general meeting of the Company held on 5 July 2017; and (ii) Mr. DENG Wei (an independent non-executive Director) was unable to attend the AGM.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

At the request of the audit committee of the Company (the "**Audit Committee**"), the auditor of the Company has carried out a review of the unaudited interim financial information of the Group for the six months ended 30 June 2017 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial information of the Group for the six months ended 30 June 2017.

CODES FOR SECURITIES TRANSACTION BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. All Directors, following specific enquiries made by the Company, have confirmed that they have complied with the required standard as set out in the Model Code during the Interim Period.

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

Other Information

CHANGES IN DIRECTORS' INFORMATION

Changes in information on Directors since the date of the Annual Report 2016 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. LAI Kwok Hung, Alex (an executive Director) was appointed as an independent non-executive director and the chairman of the audit and risk management committee of SG Group Holdings Limited (a company listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange, stock code: 8442) with effect from 21 March 2017.

Mr. LAW Tze Lun (an independent non-executive Director) was appointed as an independent non-executive director, chairman of audit committee and member of remuneration committee and nomination committee of Tak Lee Machinery Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8142) with effect from 27 July 2017.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Interim Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its shares as required under the Listing Rules throughout the Interim Period.

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

A facility agreement dated 30 August 2016 (the "**Facility Agreement**") was entered into between the Company (as borrower), Sino-Ocean (a controlling shareholder of the Company, as guarantor) and a licensed bank in Hong Kong (as lender), whereby a renewed term loan facility in the principal amount of HK$500.0 million had been 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 shall ensure that Sino-Ocean shall at all times remain the single largest shareholder (direct or indirect) of not less than 30% shareholdings in the Company and maintain control over the Company, and a failure to do so will be deemed an event of default under the Facility Agreement.

On behalf of the Board

LAI Kwok Hung, Alex
Executive Director

27 July 2017

Corporate Information

BOARD OF DIRECTORS

Honorary Chairman

LI Ming

Executive Directors

SUM Pui Ying (Chief Executive Officer)
CUI Yueming
LAI Kwok Hung, Alex

Non-executive Directors

LI Ming (Honorary Chairman)
LI Hongbo

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
DENG Wei

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
DENG Wei

REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
DENG Wei

NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

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

COMPANY SECRETARY

YUE Pui Kwan

AUTHORISED REPRESENTATIVES

LAI Kwok Hung, Alex
YUE Pui Kwan

AUDITOR

BDO Limited
Certified Public Accountants

LEGAL ADVISOR

Baker & Mckenzie
Sit Fung Kwong & Shum

PRINCIPAL BANKERS

DBS Bank Limited
The Bank of East Asia, Limited
Bank of Communications Co., Ltd.
Hong Kong Branch

SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 3902, 39th Floor
Tower one, Lippo centre
No. 89 Queensway
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk