Gemini Investments (Holdings) Limited

盛洋投资

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

2019
Interim Report

CONTENTS

Financial Highlights

(HK$'000)	**Six months ended 30 June 2019 (unaudited)**	Six months ended 30 June 2018 (unaudited)
Revenue	**60,448**	92,214
(Loss)/profit before income tax	**(157,389)**	31,077
(Loss)/profit for the period	**(162,451)**	24,350
(Loss)/profit attributable to owners of the Company	**(181,747)**	15,874
(Loss)/earnings per share — basic (HK dollar)	**(0.40)**	0.04
(Loss)/earnings per share — diluted (HK dollar)	**N/A**	0.02

(HK$'000)	**Six months ended 30 June 2019 (unaudited)**	As at 31 December 2018 (audited)
Total assets	**6,682,888**	6,569,464
Equity attributable to owners of the Company	**5,333,203**	5,529,034
Cash and cash equivalents	**1,060,797**	816,569

Chairman's Statement

On behalf of the board of directors of Gemini Investments (Holdings) Limited (the "Company") (the "Director(s)" or the "Board"), I hereby announces the result of the Company and its subsidiaries (together referred to as "our Group" or "We"/"we") for the six months ended 30 June 2019 (the "2019 Interim Period").

INTERIM RESULTS FOR 2019

During the 2019 Interim Period, our Group recorded a loss attributable to its owners of approximately HK$181.7 million (a profit attributable to owners of the Company of approximately HK$15.9 million was recorded for the six months ended 30 June 2018 (the "2018 Interim Period")).

As compared with the 2018 Interim Period, the recorded loss is mainly due to a certain extent of loss or provision provided for in several core businesses of the Group, mainly as a result of the negative market sentiment and uncertainty in market outlook caused by global trade disputes, while at the same time, there was no dividend income derived from our fund investment portfolio during the 2019 Interim Period as compared to the 2018 Interim Period.

The Board does not recommend the payment of any interim dividend for the 2019 Interim Period.

CORE MOVES DURING THE 2019 INTERIM PERIOD

Our Group is principally engaged in investment in fund platform, property investment and development, fund investments, and securities investment business.

For investment in fund platform, the Group continues to put its development emphasis on the United States of America (the "U.S.") market, through the strategic cooperation with our U.S. real estate fund platform, Gemini-Rosemont Realty LLC ("GR Realty"), to expand our business in the U.S. carefully and cautiously. In accordance with our cooperation strategy, GR Realty is continously fine-tuning its strategies according to market situation, including concentrating its development focus on technology-driven, higher quality markets in gateway cities of the U.S. (such as those investments made in Seattle and Silicon Valley in recent years) and realising those investments made in non-gateway cities of the U.S. in early years and consolidating its regional offices. Despite the pursuit of such market repositioning strategy, GR Realty still has a handful of properties in non-gateway submarkets of which decrease in valuations caused by decrease in office demand as a result of negative market sentiment resulted in certain loss recorded by GR Realty (together with interests in certain syndicated projects controlled by GR Realty) during the 2019 Interim Period. The Group will keep up with its current strategy, aiming to solidify and expand its position and stand at a vantage point in the U.S. in the medium term.

For property development, the Group continues to promote our pilot redevelopment project in the core location of Manhattan, New York City together with experienced commercial partners. The project will be developed as a complex residential project with expected total gross floor area of approximately 82,000 square feet. We use a unique design concept for product positioning in our design. An experienced local team has been built up to monitor the operations of the project. As a result, the construction of the project has been commenced smoothly in the first quarter of 2019 and the overall progress has undergone as planned.

Chairman's Statement

DEVELOPMENT PROSPECTS

The intensive and uncertain situation brought by the international macro environment reminds us to maintain a high degree of prudence on our invested projects, and potential opportunities in the future. For internal strategies, we will continue to improve our operational efficiency and internal risk control system. For external strategies, we will keep going on to strengthen our market knowledge, network and human relationship, to better equip ourselves and timely seize any investment opportunities in a rapidly changing market environment.

The U.S. market will still be our key development market. Leveraging on the strategic partnerships with GR Realty and constantly fine-tuned strategy, we will continue to be rooted in the U.S. property market. In addition to the U.S. market, we will also seek out for steady and potential opportunities in the global core markets, including but not limited to China Greater Bay Area, and take timely action when investment opportunities arise for improving our shareholders' returns in the foreseeable future.

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 Group Holding Limited ("Sino-Ocean"), we will continue to forge ahead and accelerate our growth and development in the future.

LI Ming
Honorary Chairman

Hong Kong, 31 July 2019

FINANCIAL REVIEW

Revenue

During the 2019 Interim Period, our Group recorded a decrease in revenue to approximately HK$60.4 million (2018 Interim Period: approximately HK$92.2 million) mainly because there was no dividend income derived from our fund investment portfolio during the 2019 Interim Period as compared to the 2018 Interim Period.

Other Income

Other income, which mainly comprised loan interest income derived from our loans to a joint venture, decreased slightly from approximately HK$19.9 million to HK$17.3 million.

Changes in Fair Value of Financial Assets at Fair Value Through Profit or Loss

A loss from changes in fair value of financial assets at fair value through profit or loss of approximately HK$70.4 million was recorded during the 2019 Interim Period (2018 Interim Period: a gain of approximately HK$4.0 million), as a result of losses incurred in our fund investment segment in which certain U.S. investments, such as real estate investments and securities investments held by the funds, suffered losses during the 2019 Interim Period due to the tension and uncertainties of global trade disputes.

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$4.5 million was recorded during the 2019 Interim Period (2018 Interim Period: approximately HK$24.2 million) due to volatile global capital market and continued slowdown in global economic growth.

Share of Results of Joint Ventures

Loss arising from share of results of joint ventures of approximately HK$46.2 million (2018 Interim Period: approximately HK$28.1 million) was recorded during the 2019 Interim Period, which was mainly attributable to the share of loss in GR Realty, in which our Group has 45% membership interests. GR Realty acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S.. While GR Realty is still repositioning its target property segment to higher quality markets with technology focus in gateway cities of the U.S., it still has a handful of properties in non-gateway submarkets such as the central and southern parts of the U.S.. The loss of GR Realty during the 2019 Interim Period is mainly due to a decrease in valuation of properties in the non-gateway markets and the expenditures for consolidating the regional offices in accordance with the repositioning proposal. Such decrease in valuation was caused by the negative market sentiment and uncertainty in market outlook due to the U.S.-China trade disputes. We expect this will linger for some time as tenants adopt a more cautious approach to expand, which lead to a decrease in demand for office buildings in non-gateway cities, and investors also allocate their property investments to more valuation resistant markets. Our Group has decided to provide a reversible provision for loans made to GR Realty as mentioned in the next sub-section below and will closely monitor the repositioning move and take appropriate strategy from time to time.

Management Discussion & Analysis

Provision for Impairment Loss on Financial Assets

A provision for impairment loss on financial assets of approximately HK$54.5 million (2018 Interim Period: approximately HK$0.6 million) was made for the 2019 Interim Period for loans to GR Realty and certain receivables in accordance with the Hong Kong Financial Reporting Standard 9 — Financial Instruments. Such impairment rules require the Group to recognise a reversible expected credit losses ("ECL") for trade and loan receivables, which measured at the end of each reporting period to reflect changes in the receivable's credit risk. In view of the negative market sentiment, our Group adopted a prudent estimate on the ECL.

Finance Costs

Our Group recorded finance costs of approximately HK$15.0 million during the 2019 Interim Period as compared to approximately HK$14.3 million for the 2018 Interim Period. The slight increase resulted from a combined effect of (i) our repayment of a bank borrowing with a principal amount of HK$500.0 million in November 2018 and (ii) interests and bank charges incurred on a bank facility of U.S. dollars ("US$") $65.0 million bearing at floating interest rate with average of approximately 5.15% per annum for the 2019 Interim Period and being repayable in 2020 (loan drawndown from such facility was first made in February 2019, and a principal of US$12.0 million (equivalent to approximately HK$93.8 million) has been drawn from such facility as at 30 June 2019). Our management will continue to maintain our Group's finance costs at a reasonable level.

Other Expenses

Other expenses of the Group increased to approximately HK$47.7 million for the 2019 Interim Period from approximately HK$34.4 million for the 2018 Interim Period. Other expenses included direct operating expenses arising from investment properties held by the Group of approximately HK$18.2 million (2018 Interim Period: approximately HK$16.0 million) and general operating costs of the Group of approximately HK$29.5 million (2018 Interim Period: approximately HK$18.4 million), such as rent and rate, professional fees paid for daily operations and investment research, other administrative and office expenses, as well as exchange difference. The increase in other expenses is mainly due to the exchange loss of approximately HK$3.8 million (2018 Interim Period: exchange gain of approximately HK$7.5 million) recorded arising from the depreciation of U.S. dollar against Hong Kong dollar during the 2019 Interim Period.

Loss Attributable to Owners of the Company

During the 2019 Interim Period, the Group recorded a loss attributable to owners of the Company of approximately HK$181.7 million as compared to a profit attributable to owners of the Company of approximately HK$15.9 million for the 2018 Interim Period. Consequently, our Group recorded basic loss per ordinary share of approximately HK$0.40 for the 2019 Interim Period versus basic earnings per ordinary share of approximately HK$0.04 for the 2018 Interim Period. Our management will continue to focus on the improvement of our shareholders' return as their on-going principal task.

Financial Resources and Liquidity

The principal amount of our total bank borrowings increased from approximately HK$425.3 million (comprising a bank borrowing of US$54.3 million bearing at fixed interest rate of approximately 3.72% per annum and repayable in 2028) as at 31 December 2018 to approximately HK$518.1 million as at 30 June 2019, mainly due to loan drawdown from a bank facility of US$65.0 million bearing at floating interest rate with average of approximately 5.15% per annum for the 2019 Interim Period and being repayable in 2020 (loan drawndown from such facility was first made in February 2019, and a principal of US$12.0 million (equivalent to approximately HK$93.8 million) has been drawn from such facility as at 30 June 2019). Such loan drawdown was made to finance the redevelopment project located in New York City which was acquired by us in 2017. Apart from the above, our Group did not have any other interest-bearing debt as at 30 June 2019.

The net gearing ratio of our Group is calculated based on total bank borrowings less cash resources divided by total shareholders' equity. As at 30 June 2019, total cash resources (including bank balances and cash and short-term bank deposits) of our Group amounted to approximately HK$1,060.8 million (as at 31 December 2018: approximately HK$816.6 million) which is sufficient to pay off all bank borrowings of our Group with a principal amount of approximately HK$518.1 million as at 30 June 2019 (as at 31 December 2018: approximately HK$425.3 million). Therefore, our Group did not have any gearing on a net debt basis as at 30 June 2019 and as at 31 December 2018.

Given our adaptable financial management policy amid the continued strong financial support from Sino-Ocean, our controlling shareholder, we are confident about sustaining our financial liquidity to support our business expansion and maintaining overall financial healthiness in the coming years.

Financial Guarantees

As at 30 June 2019, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2019, our Group had pledged deposits of approximately US$1.5 million (equivalent to approximately HK$12.0 million (as at 31 December 2018: HK$16.1 million)) and pledged investment properties in the U.S. with a carrying value of approximately US$92.1 million (equivalent to approximately HK$719.8 million (as at 31 December 2018: approximately HK$719.1 million)). The pledged deposits and investment properties have been used to secure a long term bank borrowing of approximately US$54.3 million (equivalent to approximately HK$424.4 million) of the Investment Partnership (as defined under the section headed "Investment in Fund Platform" below), with a fixed interest rate of around 3.72% per annum.

Management Discussion & Analysis

OPERATION REVIEW

During the 2019 Interim Period, our Group adhered to the philosophy of value investment and actively optimising its asset allocation. An analysis of our Group's revenue and contribution to operating result for the 2019 Interim Period by our principal activities is set out in Note 6 to the unaudited condensed consolidated financial statements of our Group as disclosed in this report below.

Investment in Fund Platform

As at 30 June 2019, our interests in GR Realty, together with interests in certain syndicated projects controlled by GR Realty, amounted to approximately HK$785.7 million (as at 31 December 2018: approximately HK$858.6 million). GR Realty continued to engage in the ownership and/or management of its investment portfolio, comprising over 36 commercial properties (52 buildings), with over 8.1 million square feet in 15 states across the U.S., as at 30 June 2019.

During the 2019 Interim Period, our Group shared a loss of approximately HK$46.2 million (2018 Interim Period: approximately HK$28.1 million) as a result of its interests in GR Realty. The reasons for the loss of GR Realty are elaborated in the sub-section headed "Share of Results of Joint Venture" under the section headed "Financial Review" above. The economic growth is volatile and sensitive to the local community policies and incentives schemes in non-gateway cities such as cities in the central and southern part of the U.S.. While there is good prospects for the new economy, it takes time to reposition their focused businesses segments from the traditional businesses to ones embracing leading new economy businesses. During the interim of GR Realty's repositioning move for its property portfolio, it is reasonable to expect the short term performance indicators (such as occupancy rate due to the tenant mix changes) would cause great challenges ahead. The top management of GR Realty advises they will continue to take appropriate actions as and when necessary and appropriate.

As at 30 June 2019, our Group had (a) 100% general partnership interest of a limited partnership in the U.S. (which indirectly holds and controls the entire general partnership interest and 0.5% limited partnership interest in an investment partnership (the "Investment Partnership")); and (b) 19.5% limited partnership interest in the Investment Partnership. The Investment Partnership owns and operates a premier office campus in the heart of San Francisco Peninsula, California, the U.S. (the "Office Property"). The Office Property comprises a 3-storey commercial building with gross floor area of approximately 159,000 square feet and is entirely let to an investment grade credit-backed tenant (being a member of a group which is one of the world's leading manufacturers of automobiles and commercial vehicles) for use as its laboratory offices.

During the 2019 Interim Period, our Group recorded a rental income of approximately HK$42.2 million from the Office Property. The Office Property is expected to be positioned as the strategic key center of the tenant in the U.S.. During the 2019 Interim Period, we have continued to focus on tenant satisfaction and improvement of overall appearance of the Office Property, such as working on its landscape and tenants improvements.

Property Investments and Development

During the 2019 Interim Period, the Group recorded a revaluation gain for its investment properties of approximately HK$16.3 million (2018 Interim Period: approximately HK$22.7 million), attributable to appreciation of certain investment properties located in Hong Kong and the U.S.. As at 30 June 2019, 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 305,000 square feet respectively, and residential units and carparking space in Hong Kong and New York with gross floor area of approximately 2,800 square feet and 17,000 square feet respectively. For all the above investment properties (based on square feet), the average occupancy rate was over 85% and the contracted occupancy rate was over 87% as at 30 June 2019.

The Group's redevelopment project located at 531-537, 539th Sixth Avenue of Manhattan, the heart of New York City (the "Redevelopment Site"), with a site area of approximately 8,054 square feet, will be developed into a mixed-use residential building structure with 145-foot tall. The estimated gross floor area for the development under the Redevelopment Site is approximately 82,000 square feet. Our Group plans to structure unique product types in this Redevelopment Site with splendid amenities, with gross floor area of approximately 74,000 square feet dedicated to residential use with the creation of condominiums (some being duplex units which are in scarcity in Manhattan) and gross floor area of approximately 5,700 square feet being for commercial-retail spaces on the ground floor.

The demolition work of the Redevelopment Site has been completed with construction works commenced in the first quarter of 2019 and expected to be completed in the fourth quarter of 2020.

As at 30 June 2019, the Redevelopment Site has a carrying value of approximately HK$552.2 million (as at 31 December 2018: approximately HK$479.5 million).

Fund Investments

Our fund investment portfolio, which was classified as financial assets at fair value through profit or loss since 1 January 2018, recorded carrying value of approximately HK$2,121.6 million as at 30 June 2019 (as at 31 December 2018: approximately HK$2,191.8 million). Loss arising from changes in the fair value of financial assets of approximately HK$70.1 million was recorded during the 2019 Interim Period (2018 Interim Period: a gain of approximately HK$4.0 million) as certain U.S. investments, such as real estate investments and securities investments held by the funds, suffered losses during the 2019 Interim Period due to the tension and uncertainties of global trade disputes.

During the 2019 Interim Period, there were many potential "black swan" threats including the Fed interests trends, Brexit, and U.S.-China, U.S.-EU and U.S.-Japan trade disputes as well as others which pose significant threats to free trade and globalisation. As a result, the world economic growth has been hampered significantly. As advised by the investment manager of the funds, though their investments portfolio is diversified with focus on the tech markets in the U.S., the fair value of our investment units has been devalued as at the end of the 2019 Interim Period.

Global stock market is expected to face with various uncertainties of different political and economic circumstances. Our Group will adopt and maintain a cautious and pragmatic approach in the fund investments. To alleviate the impact arising from the uncertainties in the global stock market, our Group will focus more on other investment channels in order to bring better returns for our shareholders.

Management Discussion & Analysis

Securities and Other Investments

During the 2019 Interim Period, our Group recorded a slight loss from changes in fair value of financial instruments held for trading of approximately HK$4.5 million due to volatile global capital market (2018 Interim Period: approximately HK$24.2 million). Also, our Group recorded dividend income from securities and other investments of approximately HK$0.7 million (2018 Interim Period: approximately HK$11.0 million). The decrease in dividend income was mainly as a result of our exit of a property development project in Melbourn, Australia in the first half of 2018, which had contributed a dividend income of approximately HK$9.3 million for the 2018 Interim Period.

As at 30 June 2019, our securities investment portfolio mainly consisted of investment in listed securities and index futures in Hong Kong and overseas of approximately HK$151.3 million (as at 31 December 2018: approximately HK$170.5 million). Securities investment forms part of our Group's cash management activities aiming proper diversification to avoid the fluctuation of any single market.

Employees

As at 30 June 2019, the total number of staff employed was 33 (as at 31 December 2018: 32). During the 2019 Interim Period, the level of our overall staff cost was approximately HK$12.4 million (2018 Interim Period: approximately HK$14.6 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 2019, our Group had no significant contingent liabilities.

Commitments

As at 30 June 2019, the Group had commitments of approximately HK$19.1 million (31 December 2018: approximately HK$18.5 million) which was mainly attributable to property development expenditure for the Redevelopment Site. It is expected that the Group will finance such commitments from its own funds and external financing (such as bank loans).

Other Information

Amid the uncertainties on global economic outlook and volatile capital market caused by the global trade war, the Board will continue to monitor closely the trade dispute and its impact from time to time and adjust our business strategies accordingly.

Independent Review Report

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 54, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the "Company") as of 30 June 2019 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.

Independent Review Report

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, 31 July 2019

Condensed Consolidated Income Statement

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Sales proceeds from disposal of financial instruments held for trading	5	**359,874**	407,876
Revenue	7	**60,448**	92,214
Other income	7	**17,274**	19,857
Employee costs		**(12,360)**	(14,648)
Depreciation		**(967)**	(937)
Other expenses		**(47,656)**	(34,384)
Loss arising from changes in fair value of financial instruments held for trading		**(4,458)**	(24,232)
(Loss)/gain arising from changes in fair value of financial assets at fair value through profit or loss		**(70,355)**	3,980
Gain on the bargaining purchase		**—**	9,516
Gain arising from changes in fair value of investment properties	12	**16,319**	22,725
Share of results of joint ventures	13	**(46,183)**	(28,143)
Provision for impairment loss on financial assets		**(54,501)**	(620)
Finance costs	8	**(14,950)**	(14,251)
(Loss)/profit before income tax		**(157,389)**	31,077
Income tax	9	**(5,062)**	(6,727)
(Loss)/profit for the period		**(162,451)**	24,350
(Loss)/profit for the period attributable to:			
Owners of the Company		**(181,747)**	15,874
Non-controlling interests		**19,296**	8,476
		(162,451)	24,350
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company	10		
— Basic (HK dollar)		**(0.40)**	0.04
— Diluted (HK dollar)		**N/A**	0.02

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(162,451)**	24,350
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(3,635)**	3,713
Share of other comprehensive income of joint ventures	**(30,705)**	—
Item that will not be reclassified to profit or loss		
Gain on revaluation of properties	**20,256**	—
Other comprehensive income for the period	**(14,084)**	3,713
Total comprehensive income for the period	**(176,535)**	28,063
Total comprehensive income attributable to:		
Owners of the Company	**(195,831)**	19,587
Non-controlling interests	**19,296**	8,476
	(176,535)	28,063

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Non-current assets			
Investment properties	12	**1,557,119**	1,469,245
Property, plant and equipment		**3,024**	56,233
Interests in joint ventures	13	**785,709**	858,618
Financial assets at fair value through profit or loss	14	**2,129,309**	2,199,672
Loan receivables	15	**358,538**	413,940
Restricted bank deposits	16	**4,798**	40,833
Deferred tax assets		**315**	315
		4,838,812	5,038,856
Current assets			
Deposits, prepayments and other receivables		**47,422**	34,645
Properties under development		**552,162**	479,538
Loan receivables	15	**20,538**	20,585
Financial instruments held for trading		**155,971**	170,884
Restricted bank deposits	16	**7,186**	8,387
Bank balances and cash		**1,060,797**	816,569
		1,844,076	1,530,608
Current liabilities			
Other payables and accrued charges		**56,663**	87,894
Financial instruments held for trading		**4,699**	401
Amount due to an intermediate holding company	17	**454,949**	226,954
Taxation payable		**2,447**	1,507
Borrowings	18	**963**	87
		519,721	316,843
Net current assets		**1,324,355**	1,213,765
Total assets less current liabilities		**6,163,167**	6,252,621

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Notes	At 30 June 2019 HK$'000 (Unaudited)	At 31 December 2018 HK$'000 (Audited)
Capital and reserves			
Share capital	19	**185,453**	185,453
Reserves		**5,147,750**	5,343,581
Equity attributable to owners of the Company		**5,333,203**	5,529,034
Non-controlling interests		**286,679**	276,831
Total equity		**5,619,882**	5,805,865
Non-current Liabilities			
Borrowings	18	**518,518**	425,533
Deferred tax liabilities		**24,767**	21,223
		543,285	446,756
Total equity and non-current liabilities		**6,163,167**	6,252,621

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

(Unaudited)	Share capital (Note 19)	Convertible preference shares reserve (Note 20)	Perpetual bond (Note 21)	Capital contribution reserve	Capital reduction reserve	Share option reserve	Available-for-sale financial assets reserve	Other reserve (Note 20)	Translation reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 31 December 2017 as originally presented	184,881	2,487,169	2,259,504	308,190	—	23,348	73,971	—	17,846	120,762	5,475,671	—	5,475,671
Change in accounting policy upon adoption of HKFRS 9	—	—	—	—	—	—	(73,971)	—	—	114,277	40,306	—	40,306
Balance at 1 January 2018	184,881	2,487,169	2,259,504	308,190	—	23,348	—	—	17,846	235,039	5,515,977	—	5,515,977
Profit for the period	—	—	—	—	—	—	—	—	—	15,874	15,874	8,476	24,350
Other comprehensive income — Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	—	—	3,713	—	3,713	—	3,713
Total comprehensive income for the period	—	—	—	—	—	—	—	—	3,713	15,874	19,587	8,476	28,063
Acquisition of subsidiary	—	—	—	—	—	—	—	—	—	—	—	278,567	278,567
Distribution paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(10,125)	(10,125)
Exercise of share option	572	—	—	—	—	(188)	—	—	—	—	384	—	384
Vested share option forfeited	—	—	—	—	—	(824)	—	—	—	824	—	—	—
Capital reduction (Note 20)	—	(129,957)	—	—	129,957	—	—	—	—	—	—	—	—
Transfer arising from capital reduction (Note 20)	—	—	—	—	(129,957)	—	—	—	—	129,957	—	—	—
Equity extinguish to liability (Note 20)	—	(610,399)	—	—	—	—	—	533,098	—	—	(77,301)	—	(77,301)
Balance at 30 June 2018	**185,453**	**1,746,813***	**2,259,504***	**308,190***	**–**	**22,336***	**–**	**533,098***	**21,559***	**381,694***	**5,458,647***	**276,918**	**5,735,565**

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

(Unaudited)	Share capital (Note 19)	Convertible preference shares reserve (Note 20)	Perpetual bond (Note 21)	Capital contribution reserve	Share option reserve	Revaluation surplus reserve	Hedging reserve#	Translation reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 31 December 2018	185,453	2,355,533	2,259,504	308,190	22,336	–	–	19,969	378,049	5,529,034	276,831	5,805,865
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(181,747)	(181,747)	19,296	(162,451)
Other comprehensive income												
– Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(3,635)	–	(3,635)	–	(3,635)
– Share of other comprehensive income of joint ventures	–	–	–	–	–	–	(30,705)	–	–	(30,705)	–	(30,705)
– Gain on revaluation of properties upon transfer of property, plant and equipment to investment properties	–	–	–	–	–	20,256	–	–	–	20,256	–	20,256
Total comprehensive income for the period	–	–	–	–	–	20,256	(30,705)	(3,635)	(181,747)	(195,831)	19,296	(176,535)
Distribution paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(9,448)	(9,448)
Balance at 30 June 2019	**185,453**	**2,355,533***	**2,259,504***	**308,190***	**22,336***	**20,256***	**(30,705)**	**16,334***	**196,302***	**5,333,203***	**286,679**	**5,619,882**

\# The hedging reserve relates to the Group's share of the hedging reserve under joint ventures (Note 13(c)).

* 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 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	**(157,389)**	31,077
Adjustments for:		
Depreciation	**967**	937
Loss arising from changes in fair value of financial instruments held for trading	**4,458**	24,232
Loss/(gain) arising from changes in fair value of financial assets at fair value through profit or loss	**70,355**	(3,980)
Gain arising from changes in fair value of convertible preference shares	**—**	(1,679)
Share of results of joint ventures	**46,183**	28,143
Gain arising from changes in fair value of investment properties	**(16,319)**	(22,725)
Gain on the bargaining purchase	**—**	(9,516)
Finance costs	**14,950**	14,251
Interest income from bank deposits	**(4,152)**	(4,373)
Other interest income	**(12,686)**	(12,684)
Provision for impairment loss on financial assets	**54,501**	620
Loss on disposal of investment properties	**—**	1,168
Operating profit before working capital changes	**868**	45,471
(Increase)/decrease in deposits and prepayments	**(12,818)**	3,093
Decrease in restricted bank deposits	**37,236**	9,661
Increase in properties under development	**(72,624)**	(14,066)
Decrease/(increase) in financial instrument held for trading	**14,755**	(45,453)
Decrease in other payables and accrued charges	**(31,425)**	(1,999)
Cash used in operations	**(64,008)**	(3,293)
Income tax paid	**(4,487)**	(20,288)
Net cash used in operating activities	**(68,495)**	(23,581)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	**—**	(862)
Consideration received for disposal of investment properties	**—**	9,108
Consideration paid for acquiring investment properties	**—**	(16,285)
Acquisition of subsidiary, net of cash acquired	**—**	(47,096)
Distribution to limited partners	**(9,448)**	(10,125)
Capital return from an investment	**—**	785
Distribution from joint ventures	**—**	5,378
Interest received	**16,839**	17,057
Net cash generated from/(used in) investing activities	**7,391**	(42,040)
Cash flows from financing activities		
Proceeds from borrowing	**93,782**	—
Increased in amount due to an intermediate holding company	**227,995**	176,313
Payment of lease liabilities	**(485)**	—
Repayment of obligations under finance lease	**—**	(60)
Interest paid	**(14,862)**	(13,190)
Exercise of share option	**—**	384
Net cash generated from financing activities	**306,430**	163,447
Net increase in cash and cash equivalents	**245,326**	97,826
Cash and cash equivalents at beginning of the period	**816,569**	1,514,828
Effect of foreign exchange rate changes	**(1,098)**	50
Cash and cash equivalents at end of the period	**1,060,797**	1,612,704
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	**196,627**	810,124
Bank balances and cash	**864,170**	802,580
	1,060,797	1,612,704

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 2019 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2018 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2019 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 2018 to the Registrar of Companies in Hong Kong 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).

These condensed consolidated interim financial statements were authorised for issued on 31 July 2019.

2. BASIS OF PREPARATION

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".

2. BASIS OF PREPARATION *(Continued)*

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the recognition of right-of-use assets and lease liabilities upon adoption of HKFRS 16 as set out in Note 4 to the Interim Financial Statements.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2018 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has 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. BDO Limited's independent review report to the Board of Directors is included on pages 11 to 12.

3. PRINCIPAL ACCOUNTING POLICIES

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

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2018 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current period, the Group has applied for the first time the following new or revised HKFRSs that are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019.

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment features with negative compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to: HKFRS 3, Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12, Income Taxes; and HKAS 23 Borrowing Costs

Save as disclosed in the changes in accounting policies for HKFRS 16 in Note 4, the adoption of the above new or revised HKFRSs in the current period has no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 3	Definition of a business[3]

1 Effective for annual periods beginning on or after 1 January 2021.

2 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 of the amendments continue to be permitted.

3 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted HKFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4 *Determining Whether an Arrangement contains a Lease* ("HK(IFRIC) 4"). The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some short-term leases (i.e. where the lease term is 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets in "Property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

	Property, plant and equipment		
	Land and buildings	**Furniture, fixtures and equipment**	**Total**
	HK$'000	HK$'000	HK$'000
Balance at 1 January 2019	1,072	293	1,365
Balance at 30 June 2019	1,090	242	1,332

The Group presents lease liabilities in "Borrowings" in the consolidated statement of financial position.

i. Significant accounting policies

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. Such right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

B. As a lessee *(Continued)*

i. Significant accounting policies (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

ii. Transition

Previously, the Group classified property leases as operating leases under HKAS 17. The leases typically run for a period of 1 or 2 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

— Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

— Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term; and

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

The Group leases a number of items of office equipment. These leases were classified as finance leases under HKAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

C. As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor.

D. Impact on financial statements

i. Impacts on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019
	HK$'000
Right-of-use assets presented in "Property, plant and equipment"	1,365
Lease liabilities presented in "Borrowings"	1,365

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICY *(Continued)*

D. Impact on financial statements *(Continued)*

i. Impacts on transition (Continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.2%.

	1 January 2019
	HK$'000
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	5,106
Discounted using the incremental borrowing rate at 1 January 2019	4,204
Obligations under finance lease recognised as at 31 December 2018	293
Recognition exemption for leases with less than 12 months of lease term at transition	(3,132)
Lease liabilities recognised at 1 January 2019	1,365

ii. Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of HK$1,332,000 and lease liabilities of HK$1,335,000 as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised depreciation charges of HK$471,000 and interest costs of HK$375,000 from these leases.

5. 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 2019 and 2018 amounted to approximately HK$359,874,000 and HK$407,876,000 respectively.

The changes in fair value of financial instruments held for trading by the Group throughout the interim periods of 2019 and 2018, 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.

6. 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 as well as property development.

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 income 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.

6. 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 2019

	Investment in fund platform	Property investment and development	Fund investments	Securities and other investments	Elimination	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (external)	42,201	17,536	–	360,585	–	420,322
Less: Sales proceeds from disposal of financial instruments held for trading	–	–	–	(359,874)	–	(359,874)
Inter-segment sales	–	–	–	2,082	(2,082)	–
Revenue as presented in the condensed consolidated income statement	42,201	17,536	–	2,793	(2,082)	60,448
Segment results	(55,511)	20,504	(70,290)	(6,036)		(111,333)
Interest income from bank deposits						4,152
Depreciation of property, plant and equipment (excluding right-of-use assets)						(496)
Depreciation of right-of-use assets						(471)
Finance costs						(14,950)
Rental payments in respect of properties under operating leases						(2,725)
Unallocated corporate expenses						(31,566)
Loss before income tax						(157,389)

6. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2018

	Investment in fund platform HK$'000 (Unaudited)	Property investment and development HK$'000 (Unaudited)	Fund investments HK$'000 (Unaudited)	Securities and other investments HK$'000 (Unaudited)	Elimination HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue (external)	25,367	18,197	37,690	418,836	—	500,090
Less: Sales proceeds from disposal of financial instruments held for trading	—	—	—	(407,876)	—	(407,876)
Inter-segment sales	—	—	—	2,280	(2,280)	—
Revenue as presented in the condensed consolidated income statement	25,367	18,197	37,690	13,240	(2,280)	92,214
Segment results	5,355	32,550	41,178	(11,521)		67,562
Interest income from bank deposits						4,373
Depreciation of property, plant and equipment						(937)
Finance costs						(14,251)
Rental payments in respect of properties under operating leases						(2,749)
Unallocated corporate expenses						(22,921)
Profit before income tax						31,077

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, depreciation of property, plant and equipment (excluding right-of-use assets), depreciation of right-of-use assets, finance costs, rental payments in respect of properties under operating leases and unallocated corporate expenses (including central administration costs, share-based compensation and directors' remuneration). This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION *(Continued)*

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

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Assets		
Segment assets		
— Investment in fund platform	**2,018,002**	2,158,932
— Property investment and development	**1,470,225**	1,294,278
— Fund investments	**2,124,032**	2,194,105
— Securities and other investments	**813,023**	811,842
Unallocated assets	**257,606**	110,307
Consolidated total assets	**6,682,888**	6,569,464
Liabilities		
Segment liabilities		
— Investment in fund platform	**456,477**	487,791
— Property investment and development	**13,141**	13,185
— Fund investments	**268**	158
— Securities and other investments	**4,890**	498
Unallocated liabilities	**588,230**	261,967
Consolidated total liabilities	**1,063,006**	763,599

Segment assets include all assets are allocated to operating segments other than property, plant and equipment, unallocated deposits, prepayment and other receivables, 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 taxation payable, certain borrowings, amount due to an intermediate holding company 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.

7. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities recognised during the period is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue from other sources		
Rental income	**59,737**	43,564
Dividend income	**711**	48,650
	60,448	92,214

Other income of the Group recognised during the period is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**4,152**	4,373
Other interest income	**12,686**	12,684
Gain arising from change in fair value of convertible preference shares	**—**	1,679
Others	**436**	1,121
	17,274	19,857

8. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**8,755**	13,018
Interest expenses on lease liabilities	**375**	—
Others	**5,820**	1,233
	14,950	14,251

9. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Over provision in prior period	**–**	(24)
Overseas taxation		
— Provision for the period	**1,474**	3,160
	1,474	3,136
Deferred taxation	**3,588**	3,591
	5,062	6,727

No Hong Kong profits tax was provided for six months ended 30 June 2019 as the Group has no estimated assessable profit (six months ended 30 June 2018: Nil).

All of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax rate at 25% (six months ended 30 June 2018: 25%). No PRC Enterprise Income Tax was provided for the six months ended 30 June 2019 and 2018 as there was no assessable income for the period.

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

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK$181,747,000 (six months ended 30 June 2018: profit of HK$15,874,000) and on the weighted average number of 451,390,000 ordinary shares (six months ended 30 June 2018: 451,082,000 ordinary shares) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to basic loss per share amount presented for the six months ended 30 June 2019 in respect of a dilution as the impact of share option and convertible preference shares outstanding had an anti-dilutive effect on the basic loss per share amount presented.

10. (LOSS)/EARNINGS PER SHARE *(Continued)*

(b) Diluted (loss)/earnings per share *(Continued)*

For the six months ended 30 June 2018, the calculation of the diluted earnings per share amounts is based on the profit attributable to owners of the Company, adjusted to reflect the gain arising from change in fair value of convertible preference shares, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of diluted earnings per share are based on:

	Six months ended 30 June 2018
	HK$'000
	(Unaudited)
Earnings	
Profit attributable to owners of the Company, used in the basic earnings per share calculation	15,874
Less: Gain arising from change in fair value of convertible preference shares	(1,679)
Profit attributable to owners of the Company, adjusted	14,195

	Number of shares 2018
Shares	
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	451,082,000
Effect of dilution – weighted average number of ordinary shares:	
Share options	2,609,000
Convertible preference shares	183,134,000
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	636,825,000

11. INTERIM DIVIDEND

The directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2018: Nil).

12. INVESTMENT PROPERTIES

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Properties in Hong Kong	**478,780**	388,930
Properties in the United States of America (the "US")	**1,078,339**	1,080,315
	1,557,119	1,469,245

Notes:

(a) 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, residential properties and office building, which located in Hong Kong and the US as at 30 June 2019 and 31 December 2018 have been arrived at on the basis of a valuation carried out on that dates by BMI Appraisals Limited ("BMI Appraisals"), an independent qualified professional valuer not connected with the Group. The valuation reports on these properties were signed by a director of BMI Appraisals 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$16,319,000 (six months ended 30 June 2018: HK$22,725,000) which has been recognised in profit or loss. 87% (31 December 2018: 91%) of the investment properties of the Group are rented out under operating leases as at 30 June 2019. As at 30 June 2019, investment properties in the US of HK$719,778,000 (31 December 2018: HK$719,061,000) were pledged as collateral for a bank borrowing of HK$424,364,000 (31 December 2018: HK$425,327,000) as disclosed in Note 18.

12. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

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

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	**1,469,245**	721,212
Additions	**—**	749,113
Disposal	**—**	(10,276)
Transfer from/(to) owner-occupied property (Note)	**74,000**	(55,318)
Exchange realignment	**(2,445)**	1,621
Gains on revaluation of investment properties	**16,319**	62,893
At the end of the period/year	**1,557,119**	1,469,245

Note:

During the current period, the Group transferred one of its own-occupied offices in Lippo Centre as investment property for earning rental income.

13. INTERESTS IN JOINT VENTURES

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Share of net assets other than goodwill	**750,167**	822,996
Goodwill	**35,542**	35,622
At the end of the period/year	**785,709**	858,618

13. INTERESTS IN JOINT VENTURES *(Continued)*

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	**858,618**	966,981
Dividend distribution	**—**	(153,826)
Share of post-acquisition loss	**(46,183)**	(2,808)
Share of other comprehensive income (Note (c))	**(30,705)**	—
Income tax paid	**3,957**	48,391
Exchange difference	**22**	(120)
At the end of the period/year	**785,709**	858,618

As at 30 June 2019 and 31 December 2018, 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 2019	31 December 2018	
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

Notes:

(a) 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.

13. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

(b) 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) represented directly attributable costs related to the transaction.

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").

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 45% and 30% of class A membership interests of Gemini-Rosemont respectively. Both have collective control over Gemini-Rosemont and decisions on the relevant activities of Gemini-Rosemont which 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.

13. INTERESTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

(b) *(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 (equivalent to approximately HK$266,661,000). The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment at the end of the reporting period.

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

For the six months ended 30 June 2019, the Group shared the post-acquisition loss of Gemini-Rosemont, Denver GPM LLC and Portfolio II LP amounted to US$3,242,000, US$1,918,000 and US$744,000 respectively (equivalent to approximately HK$25,362,000, HK$15,004,000 and HK$5,817,000 respectively) (six months ended 30 June 2018: US$2,354,000, US$1,048,000 and US$191,000 respectively (equivalent to approximately HK$18,434,000, HK$8,209,000 and HK$1,500,000 respectively)).

For the six months ended 30 June 2018, the Group received dividend distribution from Portfolio II LP amounted to US$685,000 (equivalent to approximately HK$5,378,000). There was no dividend distribution received/receivable during the six months ended 30 June 2019.

For the six months ended 30 June 2019, the Group paid income tax of US$4,100 (equivalent to approximately HK$32,000) (six months ended 30 June 2018: received income tax refund of US$52,700 (equivalent to approximately HK$409,000)) and paid income tax of US$500,000 (equivalent to approximately HK$3,925,000) (six months ended 30 June 2018: US$2,201,000 (equivalent to approximately HK$17,207,000)) in respect of its direct tax obligation in Gemini-Rosemont and Portfolio II LP respectively.

(c) It represents the Group's share of the other comprehensive income of Gemini-Rosemont in relation to the interest rate swap transaction for cash flow hedging. The share of the other comprehensive income was recognised as "Hedging reserve" included in "Reserves" and as presented in condensed consolidated statement of changes in equity for the six months ended 30 June 2019.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Unlisted equity investments (Note (a))	**2,296**	2,211
Club debenture (Note (b))	**5,428**	5,700
Unlisted fund investments (Note (c))	**2,121,585**	2,191,761
	2,129,309	2,199,672

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes:

(a) As at 30 June 2019, the fair value of the Group's investment in unlisted equity securities issued by a private equity incorporated outside Hong Kong was approximately US$284,000 and RMB67,000 (equivalent to approximately HK$2,296,000 in aggregate) (31 December 2018: US$270,000 and RMB85,000 (equivalent to approximately HK$2,211,000 in aggregate).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

(b) At the end of the reporting period, the fair value of the club debentures held by the Group was approximately HK$5,428,000 (31 December 2018: HK$5,700,000).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned above was categorised within level 3 of the fair value hierarchy.

(c)(i) At the end of the reporting period, the Group held approximately 341,000 (31 December 2018: 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 2019 was approximately HK$129,043,000 (31 December 2018: HK$126,359,000).

(c)(ii) At the end of the reporting period, the Group held approximately 141,000 (31 December 2018: 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 2019 was approximately HK$147,773,000 (31 December 2018: HK$146,907,000).

(c)(iii) At the end of the reporting period, the Group also held approximately 110,000 (31 December 2018: 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 2019 was approximately HK$123,782,000 (31 December 2018: HK$128,379,000).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss mentioned in Notes (c)(i), (ii) & (iii) above was categorised within level 2 of the fair value hierarchy.

(c)(iv) At the end of the reporting period, the Group held approximately 1,012,000 (31 December 2018: 1,012,000) non-redeemable, non-voting participating shares of the Property Fund, which incorporated in Cayman Islands and approximately 637,000 (31 December 2018: 637,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the "Private Equity Fund"). The fair value of the investments in the Property Fund and the Private Equity Fund as at 30 June 2019 are approximately HK$730,613,000 (31 December 2018: HK$799,680,000) and approximately HK$549,228,000 (31 December 2018: HK$541,892,000) respectively.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: *(Continued)*

(c)(iv) *(Continued)*

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.

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.

(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 approximately 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 approximately US$800,000,000 (equivalent to approximately HK$6,200,000,000). As at 30 June 2019, the fair value of the investments in PRB Fund is approximately HK$441,146,000 (31 December 2018: HK$448,544,000).

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 2019, the Group has no outstanding commitments to make capital contribution (31 December 2018: Nil).

As at 30 June 2019 and 31 December 2018, the fair value measurement of the financial assets at fair value through profit or loss as mentioned in Notes (c)(iv) & (v) above was categorised within level 3 of the fair value hierarchy.

15. LOAN RECEIVABLES

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current:		
Loans to a joint venture (Note (a))	**20,538**	20,585
Non-current:		
Loans to a joint venture (Note (b))	**358,538**	413,940
	379,076	434,525

15. LOAN RECEIVABLES *(Continued)*

Notes:

(a) As at 30 June 2019, loan receivables with principal amount of US$2,628,000 (equivalent to approximately HK$20,538,000) (31 December 2018: US$2,628,000 (equivalent to approximately HK$20,585,000)) in aggregate are due from the joint venture. The loan receivables 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.

(b) In addition, loan receivables with principal amount of US$53,125,000 (equivalent to approximately HK$415,181,000) (31 December 2018: US$53,125,000 (equivalent to approximately HK$416,123,000)) in aggregate are due from the joint venture as at 30 June 2019. The loan receivables are unsecured, interest-bearing at rates ranging from 5% to 6% per annum and repayable within 2020 and 2021, accordingly are classified as non-current assets at the end of the reporting period.

As at 30 June 2019, loss allowance of HK$56,643,000 was provided on the non-current loan receivables (31 December 2018: HK$2,183,000).

16. RESTRICTED BANK DEPOSITS

As at 30 June 2019, restricted bank deposits represented pledged bank deposits amounted to HK$11,984,000 (31 December 2018: pledged bank deposits and escrow and reserves amounted to HK$16,055,000 and HK$33,165,000 respectively). Certain pledged bank deposits amounted to HK$7,186,000 (31 December 2018: HK$8,387,000) were classified as current assets and the remaining balance of pledged bank deposits of HK$4,798,000 (31 December 2018: pledged bank deposits of HK$7,668,000 and escrow and reserve of HK$33,165,000) were classified as non-current assets as at 30 June 2019.

Escrow and reserves represented mandatory deposits to cover certain obligations as set forth in the mortgage loan agreement. These cash balances are used primarily to pay insurance and real estate taxes over the next period and capital repairs as needed. Escrow and reserves were fully released during the current period.

Pledged bank deposits have been used to secure the borrowing as disclosed in Note 18(b).

17. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

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

18. BORROWINGS

The maturity profile of the borrowings is as follows:

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Current:		
Lease liabilities	**963**	—
Obligation under finance lease	**—**	87
	963	87
Non-current:		
Lease liabilities	**372**	—
Obligation under finance lease	**—**	206
Bank loans		
— guaranteed and repayable after 1 year but within 2 years (Note (a))	**93,782**	—
— secured and repayable after 5 years (Note (b))	**424,364**	425,327
	518,518	425,533
	519,481	425,620

Notes:

(a) As at 30 June 2019, a bank borrowing amounted to US$12,000,000 (equivalent to approximately HK$93,782,000) (31 December 2018: Nil) will be wholly repayable on 18 October 2020. The bank borrowing is interest-bearing at adjusted LIBOR plus applicable margin. The average interest rate as at 30 June 2019 is 5.15% per annum. A corporate guarantee is provided by its ultimate parent, Sino-Ocean Group Holding Limited for the bank borrowing.

(b) As at 30 June 2019, a bank borrowing amounted to US$54,300,000 (equivalent to approximately HK$424,364,000) (31 December 2018: US$54,300,000 (equivalent to approximately HK$425,327,000)) will be wholly repayable on 1 January 2028 and interest bearing at fixed rate of 3.72% per annum. The borrowing is a mortgage loan for the investment property in the US. A corporate guarantee was provided by Gemini-Rosemont for the bank borrowing. The borrowing is secured by the Group's investment properties (Note 12) at fair value of HK$719,778,000 (31 December 2018: HK$719,061,000) and restricted bank deposits (Note 16) amounted to HK$11,984,000 (31 December 2018: HK$16,055,000) as at 30 June 2019.

19. SHARE CAPITAL

	30 June 2019	30 June 2019	31 December 2018	31 December 2018
	Number	**HK$'000**	Number	HK$'000
		(Unaudited)		(Audited)
Ordinary shares				
At beginning of the year	**451,390,000**	**185,453**	450,990,000	184,881
Share options exercised	**—**	**—**	400,000	572
	451,390,000	**185,453**	451,390,000	185,453

During the year ended 31 December 2018, the Company allotted and issued approximately 400,000 ordinary shares of HK$0.96 each under the share option scheme.

20. CONVERTIBLE PREFERENCE SHARES RESERVE

On 23 December 2014, the Company issued 1,300,000,000 non-voting convertible preference shares of HK$3 each (the "CPSs") with total subscription price of HK$3,900,000,000 to its parent, Grand Beauty Management Limited ("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 reporting 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.

20. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

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.

Amendments

On 26 January 2018, the Company entered into the second supplemental deed (the "Second Supplemental Deed") with Grand Beauty, pursuant to which the parties conditionally agreed to amend certain terms of the CPSs ("Amendments"), which include: (i) acceleration of the commencement of the conversion period such that it commences from on the first business day immediately after the amendments effective date (instead of commencing from the end of a five-year period from the issue date of the CPSs as originally contemplated); (ii) increase of the conversion price from HK$3 to HK$6 (subject to adjustments); and (iii) adjustment of the dividends payable on the CPSs from a non-cumulative floating rate per annum to a fixed rate of 3% per annum, nevertheless the Discretionary Non-payment Restriction is remained effective after the Amendments. Furthermore, if the Company should issue, at any time on or before (and including) 30 June 2018, any new shares or convertible securities of the Company to any person other than a person who is a CPSs holder on the date of such new issuance (the "New Issuance"), the conversion price shall be reduced, concurrently with and effective from the completion of the New Issuance, to HK$3.0, provided that: (i) such conversion price shall only be HK$3.0 in respect of such number of CPSs (in such integral multiple) (the "Adjusted CPSs") which would enable the converting shareholder to increase its shareholding to no less than, but closest to, its equity shareholding (excluding its shareholding in any CPSs) in the Company (taking into account the New Issuance and any outstanding convertible and/or exchangeable securities of the Company (other than the CPSs) on an as converted and fully dilutive basis) immediately before completion of the New Issuance; and (ii) the number of Adjusted CPSs shall not exceed 203,466,429 (the "Adjustments to the revised conversion price").

Details of the amendments to the terms of the CPSs were set out in the announcement dated 28 January 2018.

On 25 April 2018 (the "Effective Date"), the conditions precedent in the Second Supplemental Deed are fulfilled and the Amendments are effective on that date.

20. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

Amendments *(Continued)*

The Amendments were accounted for as extinguishment of the Adjusted CPSs as the conversion options of the Adjusted CPSs do not meet the fixed-for-fixed criteria, that is, it will not be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's ordinary shares by considering the adjustments to conversion price. Accordingly, the Adjusted CPSs should be accounted for as liability component and are measured at fair value at initial recognition. Subsequently, it is classified as a financial liability at fair value through profit or loss. The difference of HK$533,098,000 between the fair value of the Adjusted CPSs of HK$77,301,000 and its carrying amount of HK$610,399,000 at the Effective Date was recognised as "Other reserves" included in "Reserves" and as presented in consolidated statement of changes in equity for the six months ended 30 June 2018.

The Adjustments to the revised conversion price expired on 1 July 2018 (the "Expiry of Adjustments"). After the Expiry of Adjustments, the conversion price of the Adjusted CPSs was fixed at HK$6. Accordingly, the conversion option of the Adjusted CPSs 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 Adjusted CPSs were reclassified as equity instruments at 1 July 2018. The "Other reserves" was also reclassified as convertible preference shares reserve after the Expiry of Adjustments.

The movements of CPSs are set out below:

	Liability portion	Convertible preference shares reserve	Other reserve
	HK$000	HK$000	HK$000
Balance at 31 December 2017 (Audited)	—	2,487,169	—
Capital reduction	—	(129,957)	—
Equity extinguished to liability after the Amendments	77,301	(610,399)	533,098
Change in fair value	(1,679)	—	—
At 30 June 2018 (Unaudited)	75,622	1,746,813	533,098
Reclassify convertible preference shares from liability to equity after the Expiry of Adjustment	(75,622)	608,720	(533,098)
At 31 December 2018 (Audited) and 30 June 2019 (Unaudited)	—	2,355,533	—

20. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

Amendments *(Continued)*

The fair values of the Adjusted CPSs amounted to approximately HK$77,301,000 and HK$75,622,000 at the Effective Date and 30 June 2018 respectively, were determined based on the Binomial model. The valuation is carried out by BMI Appraisals, an independent valuer not connected with the Group. The major inputs into the models were as follows:

	At the effective date	**At 30 June 2018**
Share price	HK$1.22	HK$1.18
Conversion price	HK$6.00*	HK$6.00*
Expected volatility	50.66%	50.57%
Risk free rate	2.27%	2.26%
Expected dividend yield	1.71%	1.70%

* Subject to the Adjustment to the revised conversion price.

Capital reduction

Pursuant to a special resolution passed by the shareholders of the Company at an extraordinary general meeting on 5 July 2017, the cancellation of 470,666,666 CPSs was effective following the registration in the public record of the relevant statutory return filed with the Hong Kong Companies Registry ("Capital Reduction") on 10 August 2017. The credit in the amount of approximately HK$1,411.5 million in the CPSs reserve account of the Company arising from this Capital Reduction was credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK$1,411.5 million in capital reduction reserve account of the Company was applied to set off against the accumulated losses account of the Company.

Details of the Capital Reduction were set out in the announcements of the Company dated 1 June 2017 and 10 August 2017 and the circular of the Company dated 13 June 2017.

On 26 January 2018, Grand Beauty executed a second deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the capital reduction involving the further cancellation of 43,333,334 CPSs held by Grand Beauty (representing approximately 5.23% of all the CPSs in issue as at 31 December 2017 ("Second Capital Reduction")).

20. CONVERTIBLE PREFERENCE SHARES RESERVE *(Continued)*

Capital reduction *(Continued)*

Following completion of the Second Capital Reduction, the credit in the amount of approximately HK$130 million in the CPSs reserve account of the Company arising from the Second Capital Reduction was transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK$130 million in the capital reduction reserve account of the Company was applied to set off against the accumulated losses of the Company.

Details of the Second Capital Reduction was set out in the announcements of the Company dated 28 January 2018 and 3 May 2018 and the circular of the Company dated 28 February 2018.

21. 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, the parent of the Company.

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 provided by Grand Beauty in prior years 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 amount of the other borrowings provided by Grand Beauty 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$659.6 million was derecognised and transferred to the perpetual bond according to the subscription agreement. The perpetual bond is accounted for as an equity of the Company.

22. OPERATING LEASE COMMITMENTS

The Group as lessor:

Property rental income earned during the period is disclosed in Note 7. The properties held by the Group have committed tenants for the lease term ranging from six months to eight years (31 December 2018: six months to eight 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 receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Within one year	**79,189**	75,180
In the second to fifth year inclusive	**254,606**	248,863
After five years	**94,104**	124,326
	427,899	448,369

23. COMMITMENTS

The Group's commitments at the end of the reporting period is as follows:

	30 June 2019	31 December 2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Properties under development	**19,136**	18,495

24. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2019 was HK$1,299,000 (six months ended 30 June 2018: HK$1,249,000).

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2019, 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.

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Transactions with fellow subsidiaries:		
— Management service fee paid	**116**	—
— Rents paid	**—**	35
— Building management fee paid	**—**	4
Transaction with a joint venture		
— Asset management fee paid	**2,385**	1,634
— Building management fee paid	**151**	206
— Other loan interest income (Note (a))	**(12,662)**	(12,676)

(a) As described in Note 15, loan receivables with principal amount of US$55,753,000 in aggregate were granted by the Group to Gemini-Rosemont, a joint venture. The interest income derived from loan receivables during the period was approximately HK$12,662,000 (six months ended 30 June 2018: HK$12,676,000).

25. 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).

	As at 30 June 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
As at 30 June 2019 (Unaudited)	**HK$000**	**HK$000**	**HK$000**	**HK$000**
Financial assets at fair value through profit or loss				
— Unlisted equity investments (Note (i))	**—**	**—**	**2,296**	**2,296**
— Club debenture (Note (i))	**—**	**—**	**5,428**	**5,428**
— Unlisted fund investments (Notes (i) and (ii))	**—**	**400,598**	**1,720,987**	**2,121,585**
— Financial instruments held for trading	**155,971**	**—**	**—**	**155,971**
	155,971	**400,598**	**1,728,711**	**2,285,280**
Financial liabilities at fair value through profit or loss				
— Financial instruments held for trading	**4,699**	**—**	**—**	**4,699**

25. FAIR VALUE MEASUREMENT *(Continued)*

As at 31 December 2018 (Audited)	As at 31 December 2018 Level 1 HK$000	Level 2 HK$000	Level 3 HK$000	Total HK$000
Financial assets at fair value through profit or loss				
— Unlisted equity investments (Note (i))	—	—	2,211	2,211
— Club debenture (Note (i))	—	—	5,700	5,700
— Unlisted fund investments (Note (ii))	—	401,645	1,790,116	2,191,761
— Financial instruments held for trading	170,884	—	—	170,884
	170,884	401,645	1,798,027	2,370,556
Financial liabilities at fair value through profit or loss				
— Financial instruments held for trading	401	—	—	401

During the six months ended 30 June 2019 and 30 June 2018, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities.

Notes:

(i) The fair values of unlisted equity investments, club debentures and certain unlisted fund investments have been determined by BMI Appraisals, the independent qualified valuer, and are a level 3 fair value measurement. The movement of these financial instruments is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
At the beginning of period/year	**1,798,027**	1,795,074
Fair value change recognised in profit or loss	**(69,316)**	2,953
At the end of period/year	**1,728,711**	1,798,027

25. FAIR VALUE MEASUREMENT *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

The valuations are determined based on the following significant unobservable inputs:

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Club debentures	Market approach	Broker quotes	HK$5,180,000 to HK$5,750,000	Had the quote from brokers increased by 5%, the fair value would have increased by approximately HK$271,000. Had the quote from brokers decreased by 5%, the fair value would have decreased by approximately HK$271,000.
Unlisted equity and fund investments which principally invested in residential and commercial real estate	Market approach	Premium or discount for quality of properties (e.g. view, level, size and condition of the properties)	-15% — 15%	Had the discount decreased by 5%, the fair value would have increased by approximately HK$111,026,000. Had the discount increased by 5%, the fair value would have decreased by approximately HK$111,026,000.
Unlisted equity and fund investments which invests in real estate project	Market approach	Premium or discount for quality of properties (e.g. location, view, size, condition and time of the properties).	-3.5% — 22%	Had the discount decreased by 5%, the fair value would have increased by approximately HK$18,850,000. Had the discount increased by 5%, the fair value would have decreased by approximately HK$18,850,000.

(ii) The fair value of unlisted fund investments under level 2 has been determined with reference to the fair value of the underlying assets and liabilities of investment funds at the end of the reporting period.

The carrying amounts of the financial assets and financial liabilities measured at amortised cost as disclosed under current assets and current liabilities, respectively, approximate their fair value as they are all short term in nature.

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

As at 30 June 2019, 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 2019 were as follows:

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2019	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2019
LI Ming	Beneficial owner	9 August 2013	9 August 2013 — 22 June 2021	4,000,000 (L)	0.96	0.886%
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	3.545%
			Total:	18,000,000 (L)		3.988%

Name of Directors	Capacity	Date of grant	Exercise period	Number of Shares over which options are exercisable as at 30 June 2019	Exercise price per Share HK$	Approximate percentage of interest in the issued Shares as at 30 June 2019
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)		0.775%
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)		0.332%

Note:

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

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

As at 30 June 2019, 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 2019
LI Ming	Beneficial owner		18,387,000 (L)	0.241%
	Founder of discretionary trust		127,951,178 (L) (Note 1)	1.680%
	Beneficiary of trust		14,230,200 (L) (Note 2)	0.187%
		Total:	160,568,378 (L)	2.108%
SUM Pui Ying	Beneficial owner		3,352,500 (L)	0.044%
LI Hongbo	Beneficial owner		66,649 (L)	0.001%

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 14,230,200 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.

Other Information

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

Sino-Ocean has adopted certain share incentive schemes for the benefits of eligible directors and employees of the 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 may 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 schemes comprise the share option schemes of Sino-Ocean, one of which was adopted by shareholders' written resolution of Sino-Ocean dated 3 September 2007 (the "2007 Share Option Scheme"), under which share options may be granted to eligible directors and employees of the Sino-Ocean Group to subscribe for new shares in Sino-Ocean. The 2007 Share Option Scheme had expired in September 2017. This scheme was adopted for the purpose of providing an incentive for employees and directors 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. Although the 2007 Share Option Scheme has expired, the share options already granted under such scheme before its expiration remained valid.

At an extraordinary general meeting of Sino-Ocean held on 6 August 2018, a new share option scheme of Sino-Ocean was approved by the shareholders of Sino-Ocean (the "2018 Share Option Scheme"), under which share options may be granted to eligible participants to subscribe for new shares in Sino-Ocean. 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 its shares for the benefit of shareholders of Sino-Ocean, to enhance the competitiveness of Sino-Ocean's remuneration structure, to attract and retain talents required to achieve Sino-Ocean's long-term strategic targets, and to compensate directors and employees of the Sino-Ocean Group for their contribution based on their individual performance and the performance of 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 2019 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 2019	Approximate percentage of interest in the issued share capital of Sino-Ocean as at 30 June 2019
LI Ming	Beneficial owner	31 March 2017	684,000 (L)	0.009%
SUM Pui Ying	Beneficial owner	31 March 2017	204,000 (L)	0.003%
LI Hongbo	Beneficial owner	31 March 2017	54,000 (L)	0.001%

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

Regarding the 2007 Share Option Scheme and the 2018 Share Option Scheme, the following Directors had been granted share options under such schemes 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 under the 2007 Share Option Scheme and the 2018 Share Option Scheme as at 30 June 2019 were as follows:

Name of Directors	Capacity	Date of grant of share options	Exercise Period (Notes 6 and 7)	Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2019	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2019 relative to the issued share capital of Sino-Ocean as at 30 June 2019
LI Ming	Beneficial owner	27 August 2015	(Note 1)	540,000 (L)	4.04	0.007%
		13 April 2016	(Note 2)	6,000,000 (L)	3.80	0.079%
		4 September 2018	(Note 4)	25,000,000 (L)	3.96	0.328%
		27 March 2019	(Note 5)	50,000,000 (L)	3.37	0.657%
			Total:	81,540,000 (L)		1.071%

Name of Directors	Capacity	Date of grant of share options	Exercise Period (Notes 6 and 7)		Number of shares in Sino-Ocean over which options are exercisable as at 30 June 2019	Exercise price per share HK$	Approximate percentage of interest of such share options held as at 30 June 2019 relative to the issued share capital of Sino-Ocean as at 30 June 2019
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	0.066%
		4 September 2018	(Note 4)		10,000,000 (L)	3.96	0.131%
				Total:	15,800,000 (L)		0.207%
LI Hongbo	Beneficial owner	27 August 2015	(Note 1)		210,000 (L)	4.04	0.003%
		13 April 2016	(Note 2)		1,200,000 (L)	3.80	0.016%
		24 August 2017	(Note 3)		2,000,000 (L)	4.70	0.026%
				Total:	3,410,000 (L)		0.045%

Notes:

1. Exercisable from 27 August 2016 to 26 August 2020.
2. Exercisable from 13 April 2017 to 12 April 2021.
3. Exercisable from 24 August 2018 to 23 August 2022.
4. Exercisable from 4 September 2019 to 3 September 2023.
5. Exercisable from 27 March 2020 to 26 March 2024.
6. All the above share options of Sino-Ocean granted on 27 August 2015, 13 April 2016 and 24 August 2017 represent share options granted under the 2007 Share Option Scheme and 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.
7. All the above share options of Sino-Ocean granted on 4 September 2018 and 27 March 2019 represent share options granted under the 2018 Share Option Scheme and are exercisable within a five-year period, of which 50% of the options become exercisable 1 year from the grant date, and all options become exercisable 2 years from the grant date.
8. The letter “L” denotes a long position in the shares in Sino-Ocean.

As at 30 June 2019, 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 2019 (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 2019	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 2019	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
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

	Date of grant	Exercise price per Share HK$	Number of Shares over which options are exercisable: Balance as at 1 January 2019	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 2019	Exercise period
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	300,000 (L)	–	–	–	–	300,000 (L)	26 August 2011 – 22 June 2021
	9 August 2013	0.96	4,420,000 (L)	–	–	–	–	4,420,000 (L)	9 August 2013 – 22 June 2021
	9 March 2015	1.27	2,790,000 (L)	–	–	–	–	2,790,000 (L)	9 March 2015 – 22 June 2021
Total			34,510,000 (L)	–	–	–	–	34,510,000 (L)	

Note:

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 2019, 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 Shares	Approximate percentage of interest in the issued Shares as at 30 June 2019
Sino-Ocean	Interest of controlled corporation (Note 2)		705,504,625 (L)	156.30%
Shine Wind Development Limited	Interest of controlled corporation (Note 2)		705,504,625 (L)	156.30%
Faith Ocean International Limited	Interest of controlled corporation (Note 2)		705,504,625 (L)	156.30%
Sino-Ocean Land (Hong Kong) Limited ("SOL HK")	Interest of controlled corporation (Note 2)		705,504,625 (L)	156.30%
Grand Beauty Management Limited ("Grand Beauty")	Beneficial owner		312,504,625 (L)	69.23%
	Beneficial owner		393,000,000 (L) (Note 1)	87.06%
		Total:	705,504,625 (L)	156.30%

Note:

1. These shares represent the 393,000,000 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 remaining 786,000,000 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 705,504,625 Shares in which Grand Beauty was interested.

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

Other Information

Save as disclosed herein, as at 30 June 2019, 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 Provision E.1.2 which requires chairman of the Board to attend the annual general meeting of the Company.

Due to other pre-arranged business commitments which had to be attended, Mr. LI Ming (the honorary chairman of the Board and non-executive Director) was unable to attend the annual general meeting of the Company held on 15 April 2019.

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 2019 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 2019.

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.

CHANGES IN DIRECTORS' INFORMATION

Change in information on Directors since the date of the Annual Report 2018 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. SUM Pui Ying (an executive Director) also acted as the company secretary and authorised representative of Sino-Ocean under Rule 3.05 of the Listing Rules with effect from 1 July 2019.

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.

On behalf of the Board

LAI Kwok Hung, Alex
Executive Director

31 July 2019

Corporate Information

BOARD OF DIRECTORS

Honorary Chairman

LI Ming

Executive Directors

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

Non-executive Directors

LI Ming (Honorary Chairman)
LI Hongbo
TANG Runjiang

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
CHEN Yingshun

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
CHEN Yingshun

REMUNERATION COMMITTEE

LAW Tze Lun (Chairman)
LO Woon Bor, Henry
CHEN Yingshun

NOMINATION COMMITTEE

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

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 54, 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