



盛洋投资

Gemini Investments (Holdings) Limited

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

INTERIM REPORT 2021



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Financial Highlights

(HK\$'000)	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (unaudited)
Revenue	640,789	56,603
Profit/(loss) before income tax	79,401	(103,280)
Profit/(loss) for the period	56,735	(103,577)
Profit/(loss) attributable to owners of the Company	20,540	(126,623)
Earnings/(loss) per share — basic (HK dollar)	0.03	(0.25)
Earnings/(loss) per share — diluted (HK dollar)	0.02	(0.25)

(HK\$'000)	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Total assets	17,740,931	17,955,521
Equity attributable to owners of the Company	5,417,817	5,393,323
Cash and cash equivalents	1,235,939	1,162,189

Chairman's Statement

On behalf of the board of directors of Gemini Investments (Holdings) Limited (the "**Company**") (the "**Director(s)**" or the "**Board**"), I am pleased to present the results of the Company and its subsidiaries (together referred to as "**our Group**" or "**We**"/"**we**") for the six months ended 30 June 2021 (the "**2021 Interim Period**").

FINANCIAL RESULTS

During the 2021 Interim Period, the Group recorded a profit attributable to owners of the Company of HK\$21 million (a loss attributable to owners of the Company of HK\$127 million was recorded for the six months ended 30 June 2020 (the "**2020 Interim Period**"). The turnaround was mainly attributable to the improved market conditions especially as the economies of China and the United States of America (the "**U.S.**") were showing a recovery. During the 2021 Interim Period, our investments in funds showed improved results, while for the corresponding period in 2020, the loss was mainly resulted from the decrease in fair value of investment properties and additional provision made by Gemini-Rosemont Realty LLC ("**GR Realty**"), an indirect non-wholly-owned subsidiary of the Company (the then joint venture of the Group), on properties in the non-core markets of the U.S., caused by the outbreak of the COVID-19 pandemic. Details of the financial results are described in the section headed "Management Discussion & Analysis".

The Board does not recommend the payment of any interim dividend on the ordinary shares of the Company for the 2021 Interim Period.

BUSINESS REVIEW

With the gradual popularization of COVID-19 vaccination, different countries and industries have adapted to the business environment affected by the pandemic and strived to proactively overcome the challenges posed by the pandemic. With the gradual relaxation of the anti-epidemic measures in the U.S., economic activities have shown a slow recovery and the real estate market has gradually become active. The pent-up global capital market was also buoyed by the effective implementation of stimulus packages in various countries to boost national economic growth, promoting a lucrative capital market.

The Group focused on real estate related business and our assets are primarily located in various states in the U.S. (managed through team of GR Realty). During the 2021 Interim Period, the Group continued to focus on the U.S. real estate market, implemented strategic operation plans and gradually disposed of real estate assets located in the Central U.S. according to GR Realty's disposition criteria. The overall investment focus is on real estate assets located in coastal gateway markets and selected markets, which are often characterized by compelling fundamentals, high liquidity and technology-driven industry growth. For projects under management, the Group made use of its network and experience in management and operations acquired in the U.S. over the years to respond to market changes with flexible and accommodating operational means under the ongoing pandemic outbreak to satisfy the needs of tenants and investors.

At the same time, the Group continued to optimize the deployment of the U.S. teams (including the asset transformation and development teams) to unceasingly improve the overall structure and system, enhance operational efficiency, and lay the foundation for the current and future business expansion.

Chairman's Statement

PROSPECTS

The global economy is showing signs of recovery due to the rise in the vaccination level, research and development of new vaccines and governments becoming more effective in helping business activities return to normal gradually, but its recovery trajectory is subject to uncertainties in view of the potential impact of the recent surge of COVID-19 mutant infections. The International Monetary Fund has recently raised the U.S. GDP growth forecast for 2021 significantly to 7.0%, while raising the U.S. GDP growth forecast for 2022 to 4.9%. Thanks to various stimulus measures and easing fears over the pandemic, the sentiment of the investment markets of major global economies continues to improve. With the progress of vaccination and full reopening of the economy, a further recovery in market confidence is expected, driving consumption and business investment activities, which will be conducive to maintaining a rational and healthy development of the real estate sector. The Group will closely monitor the real estate market, leverage its well-established network, expertise and market insight to seize future investment opportunities and implement its strategic operation plan.

On the path of our development, Sino-Ocean Group Holding Limited and Sino-Ocean Capital Holding Limited, the substantial shareholders of the Company, will continue to serve as our strong support and backing force. We hope to combine the efforts of our management team and professional teams to leverage commercial synergies to explore more valuable business opportunities and strengthen our overall competitiveness.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, business partners and bank enterprises for their trust and unwavering support over the years and to my fellow Board members, the management and staff for their commitment and dedication to the Group.

SUM Pui Ying
Chairman

Hong Kong, 13 August 2021

Management Discussion & Analysis

During the 2021 Interim Period, the Group continued to focus on business related to commercial and residential real estate with a geographical presence mainly in the U.S. and Hong Kong. Since 31 July 2020, GR Realty, a well-established U.S. real estate fund platform, has been converted from a joint venture to a subsidiary of the Group.

During the 2021 Interim Period, the Group recorded a significant increase in revenue to HK\$641 million (2020 Interim Period: HK\$57 million) as a result of consolidation of GR Realty which contributed a revenue of HK\$583 million to the Group. The profit attributable to the owners of the Company for the 2021 Interim Period increased to HK\$21 million, mainly due to the improved market conditions especially as China's and the U.S.'s economy were showing a recovery. During the 2021 Interim Period, our investments in funds showed improved results contributing a gain of HK\$60 million to the Group, while for the corresponding period in 2020, the loss was mainly resulted from the decrease in fair value of investment properties and additional provision made by GR Realty, an indirect non-wholly-owned subsidiary of the Company (the then joint venture of the Group), on properties in the non-core markets of the U.S., caused by the outbreak of novel coronavirus COVID-19 pandemic.

OPERATION REVIEW

Overview

The Group mainly engages in property investments in the U.S. and Hong Kong, property developments in the U.S. and other operations (including fund investments and securities investments). Investment properties in the U.S. and in Hong Kong accounted for 58% and 2% of our total assets as at 30 June 2021 respectively, and property under development in the U.S. accounted for 9% of our total assets as at 30 June 2021. All our property investments and property developments in the U.S. are managed by GR Realty's team.

In addition to receiving a steady and reliable income and cash flow and possible capital gains from appreciation in value of assets, we also receive possible fee income and carried interest through GR Realty acting as the general partner of the property funds it manages. GR Realty has been providing tailored real estate solutions for investors and tenants for almost three decades. It is a fully integrated real estate platform, investing in quality property projects and managing property funds as general partners in specific target markets in the U.S..

Property Investments in the U.S. (managed by GR Realty)

During the 2021 Interim Period, the U.S. government has gradually relaxed its anti-epidemic measures and economic activities showed a slow recovery from the severe damage and got back on track. The impact on the working pattern of enterprises and the usage of office space is still yet to be observed. The office property values could still be under pressure.

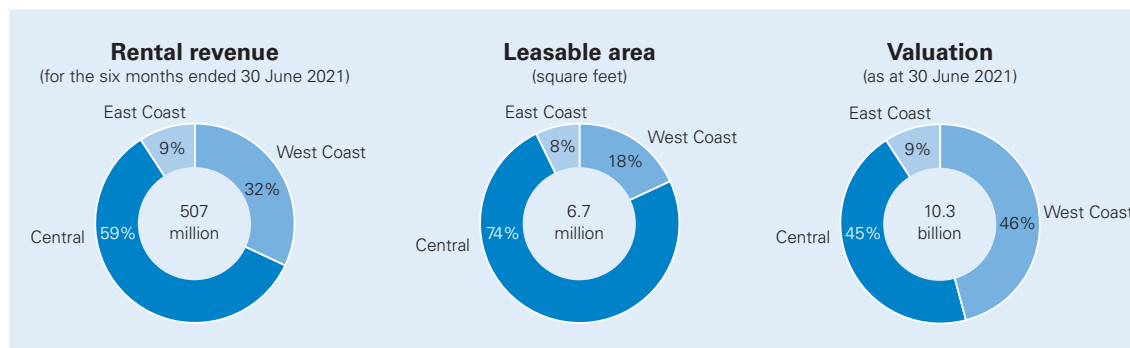
Management Discussion & Analysis

As at 30 June 2021, our balanced property portfolio comprised 24 commercial properties spread out in West Coast, Central and East Coast of the U.S. (where local key industry players are our key tenants), and several units in a residential building in New York City. GR Realty managed all our property investments in the U.S., with the focus on top-performing, high growth technology, creative, and new economy-centric sub-markets and tenants (which are mostly in West Coast and East Coast of the U.S.) in an effort to create and realize maximum value while at the same time gradually disposed of assets (which are mostly located in the Central U.S.) according to GR Realty's disposition criteria.

As at 30 June 2021, the total carrying value of our investment properties in the U.S. was HK\$10,333 million (as at 31 December 2020: HK\$10,913 million) including investment properties of HK\$156 million which is classified as assets classified as held for sale.

During the 2021 Interim Period, rental revenue and ancillary service income to property leasing, relating to investment properties in the U.S., increased by 1166% to HK\$633 million (2020 Interim Period: HK\$50 million), due to consolidation of GR Realty since 31 July 2020. The total leasable area in the U.S. increased from 309,000 square feet to 6,663,000 square feet, with average occupancy rate of 73%.

An analysis of investment properties in the U.S. by geographical locations is set out below:



During the 2021 Interim Period, we disposed of several assets located in central markets, with the proceeds to be reserved for future sound investments. One of the disposals constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as disclosed in the announcement of the Company dated 10 May 2021. On 7 May 2021 (U.S. Eastern Time), the vendor, wholly-owned by a fund in GR Realty's portfolio, entered into the sale and purchase agreement with an independent third party pursuant to which the vendor conditionally agreed to sell and the purchaser conditionally agreed to purchase property comprising an office building together with various car parking spaces located at Alabama, the U.S. for an aggregate consideration of US\$67,000,000 (equivalent to approximately HK\$519,250,000). This disposal was completed on 27 May 2021 (U.S. Eastern Time). We will continue to implement strategy on disposal according to disposition criteria and stay cautiously optimistic and closely monitor how tenants and corporations move forward to their real estate needs with an aim to maximize assets valuation.

Management Discussion & Analysis

Property Developments in the U.S. (managed by GR Realty)

The Group's property development projects comprise residential redevelopments located at (i) Avenue of the Americas, Manhattan, New York City, (ii) North First Street, Brooklyn, New York City and (iii) Second Avenue, Manhattan, New York City.

With the prevention and control measures implemented by the local governments being gradually relaxed during the first half of 2021, development progress began to move on as planned. The residential market witnessed obvious pickup with surging volume of sales, as a result of rising vaccination levels and businesses reopening.

The redevelopment project located at Avenue of the Americas is expected to be developed into a 13-storey residential building (with retail space on the ground) with an estimated gross floor area of 82,000 square feet. It is positioned with unique project types including duplex units which are in scarcity in Manhattan. It is currently under development and expected to be completed in late 2021.

The redevelopment projects located at North First Street and Second Avenue were acquired by GR Realty at the beginning of 2020 and had been consolidated into our Group since 31 July 2020. The North First Street project is in development stage, and expected to be developed into a residential building together with auxiliary car parking facilities and perfecting amenities. The estimated gross floor area is 78,000 square feet, and completion is expected in 2023. The Second Avenue project is in demolition stage, and is expected to be developed into a residential building with splendid amenities. The estimated gross floor area is 137,000 square feet, and completion is expected in 2024. We will continue with the plan to deliver high-quality products of our residential property developments.

Investment Properties in Hong Kong

Investment properties in Hong Kong comprise A-grade offices units in two buildings in Hong Kong Island, and several residential units and car parking space. The total carrying value of our investment properties in Hong Kong was HK\$443 million (as at 31 December 2020: HK\$451 million), representing 2% of our total assets as at 30 June 2021 (as at 31 December 2020: 3%). During the 2021 Interim Period, rental revenue from investment properties in Hong Kong remained stable with an amount of HK\$5 million (2020 Interim Period: HK\$5 million). Leasing activities remained relatively stable with average occupancy rate of 99%.

Management Discussion & Analysis

Other Operations

Other operations mainly include fund investments and securities investments.

As at 30 June 2021, the carrying amount of our fund investment portfolio (classified as “financial assets at fair value through profit or loss”) was HK\$2,215 million (as at 31 December 2020: HK\$2,155 million), with an aggregate gain on change of fair value of HK\$60 million recorded during the 2021 Interim Period (2020 Interim Period: loss of HK\$31 million), as a result of gain from those funds investing in global listed securities, with a mixed portfolio including equity securities in technology media telecom sector and new economy industries and debt securities under thriving global capital market. The underlying investments in our fund investment portfolio include global listed securities and debt securities focusing on the technology media telecom sector, property and property-related value chain and new economy industries; and real estate and related investments primarily in the U.S., Europe, Japan, Australia and/or Hong Kong.

As at 30 June 2021, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong and overseas of HK\$609 million (as at 31 December 2020: HK\$546 million). The Group recorded gain from securities investment (classified as financial instruments held for trading) of HK\$4 million for the 2021 Interim Period (2020 Interim Period: loss of HK\$50 million) as a result of prudence investment strategy under thriving global capital market.

FINANCIAL REVIEW

Revenue

The significant increase in revenue was mainly due to the consolidation of GR Realty since 31 July 2020. During the 2021 Interim Period, revenue contributed by GR Realty amounted to HK\$583 million, comprising rental income of HK\$457 million and ancillary service income to property leasing of HK\$126 million. The revenue of the Group (excluding GR Realty) recorded no material change, with revenue of HK\$58 million for the 2021 Interim Period (2020 Interim Period: HK\$57 million).

The components of our revenue are analysed as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Rental income	511,555	55,157
Ancillary service income to property leasing	125,937	—
Dividend income	3,297	1,446
	640,789	56,603

Management Discussion & Analysis

Rental income comprises rental income generated from U.S. investment properties managed by GR Realty of HK\$507 million and Hong Kong investment properties of HK\$5 million. Ancillary service income to property leasing mainly includes income for services provided to tenants of HK\$111 million and parking lot income of HK\$15 million.

Operating expenses

The significant increase in operating expenses was mainly due to consolidation of GR Realty since 31 July 2020. Operating expenses of HK\$295 million were incurred by GR Realty, representing 95% of total operating expenses incurred during the 2021 Interim Period. The operating expenses of the Group (excluding GR Realty) recorded no material change, with operating expenses of HK\$16 million for the 2021 Interim Period (2020 Interim Period: HK\$18 million).

The components of our operating expenses are analysed as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Repairs, maintenance and utilities	129,771	7,726
Property insurance costs	12,209	831
Property management expenses	19,498	3,853
Real estate taxes	148,117	5,820
Others	1,727	193
	311,322	18,423

Loss arising from changes in fair value of investment properties

Loss arising from changes in fair value of investment properties of the Group of HK\$129 million was recorded, representing a drop in carrying value of 1% of the investment properties, which mainly resulted from fair value decrease of U.S. investment properties of HK\$122 million. The majority of decrease in fair value came from investment properties located in markets which were hit hard by COVID-19 pandemic, which we act as general partner of the property fund with certain limited partner interests.

Gain arising from changes in fair value of financial assets at fair value through profit or loss

Gain arising from changes in fair value of financial assets at fair value through profit or loss of the Group of HK\$60 million was recorded during the 2021 Interim Period, which was mainly generated from our fund investments. Details of fund investments are described in the section headed "Other Operations" under Management Discussion & Analysis.

Management Discussion & Analysis

Other income, gains/losses

The components of other income, gains/losses, are analysed as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Bank interest income	2,847	2,324
Other interest income	1,164	12,634
Gain on disposal of investment properties	35,064	—
Gain on disposal of property, plant and equipment	227	—
Impairment loss on assets reclassified to assets held for sale	(3,832)	—
Government grant	18,055	—
Sundry	2,654	1,597
	56,179	16,555

The decrease in other interest income was as a result of no interest income on loan receivables from GR Realty recognised since the consolidation of GR Realty from 31 July 2020.

During the 2021 Interim Period, the Group recorded gain of HK\$35 million from the disposal of several investment properties located in the U.S, and recorded income from a government grant of HK\$18 million by the U.S. Department of the Treasury for the purpose of providing financial support to enterprises under the impact of COVID-19.

Administrative and other expenses

The components of our administrative and other expenses are analysed as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Auditors' remuneration	2,617	2,703
Depreciation	7,688	3,092
Employee costs	44,949	10,926
Rental expenses on short term leases	803	337
Legal and professional fee	21,717	6,878
Insurance expenses	4,476	559
Informative service fee	4,463	227
Exchange difference	3,920	4,108
Other taxes	3,461	2,572
Other administrative and office expenses	8,668	6,126
	102,762	37,528

Management Discussion & Analysis

The increase of administrative and other expenses from HK\$38 million to HK\$103 million was mainly due to the enlarged business scale, along with related daily operation expenses, of our Group after the consolidation of GR Realty. GR Realty contributed administrative and other expenses of HK\$76 million to the Group, which mainly comprised employee costs of HK\$35 million, legal and professional fees of HK\$16 million and general office and administrative expenses of HK\$21 million.

Administrative and other expenses of the Group (excluding GR Realty) decreased by HK\$11 million to HK\$27 million, mainly due to the movement in exchange difference of HK\$3 million and less staff and business activities due to COVID-19 resulting in cost saving by HK\$6 million.

Finance costs

Finance costs (net of interest capitalisation) of HK\$219 million on our borrowings were recognised during the 2021 Interim Period (2020 Interim Period: HK\$9 million). GR Realty contributed finance costs of HK\$210 million during the 2021 Interim Period. The finance cost of the Group (excluding GR Realty) stood at stable level and amounted to HK\$9 million for the 2021 Interim Period (2020 Interim Period: HK\$9 million).

Loss attributable to limited partners and puttable instrument holders

The entities to which losses are attributable include (i) certain limited partner interests associated with those limited partnerships of the property funds managed and controlled by GR Realty, and (ii) the Class B members interest (non-controlling) in GR Realty. According to the terms of investments, these interests are classified as assets/liabilities under the statutory accounting principles, instead of non-controlling interest in equity. Accordingly, the financial results attributable to limited partners and puttable instrument holders are recorded in the consolidated income statement of the Group. Loss of HK\$82 million, which mainly arose from the fair value loss of investment properties under GR Realty, was allocated to the limited partners and puttable instrument holders, as the Group mainly acts as general partner, with certain limited partner interest in the parent funds of those investment properties.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the 2021 Interim Period increased to HK\$21 million (2020 Interim Period: loss attributable to owners of the Company of HK\$127 million) mainly due to our investments in funds showing improved results contributing a gain of HK\$60 million. Basic earnings per ordinary share of the Company of HK\$0.03 for the 2021 Interim Period was recorded (2020 Interim Period: loss per ordinary share of HK\$0.25). Our management will closely monitor the market situation and focus on the improvement of our shareholders' return as their on-going task.

Management Discussion & Analysis

Financial Resources and Liquidity

As at 30 June 2021, the Group had cash resources totaling HK\$1,236 million (as at 31 December 2020: HK\$1,162 million). The committed bank credit facilities amounted to HK\$369 million, of which HK\$283 million remained undrawn. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations and loan facilities provided by banks.

As at 30 June 2021, the borrowings (excluding lease liabilities) of the Group amounted to HK\$7,372 million (as at 31 December 2020: HK\$7,932 million). The Group's borrowings included bank loans and revolving loans and notes payables. The decrease in borrowings was mainly due to repayment of mortgage loan upon disposal of several investment properties in the U.S.. As at 30 June 2021, the proportions of short-term borrowings and long-term borrowings of the Group were 31% and 69% respectively.

The maturities of the Group's borrowings are set out as follows:

	30 June 2021	As percentage of borrowings	31 December 2020	As percentage of borrowings
	(HK\$ million)		(HK\$ million)	
Within 1 year	2,275	31%	2,262	28%
1–2 years	2,154	29%	641	8%
2–5 years	2,093	28%	4,169	53%
Over 5 years	850	12%	860	11%
Total	7,372	100%	7,932	100%

All the above borrowings are denominated in U.S. dollars. Considering that the exchange rate of Hong Kong dollars is pegged against the U.S. dollars, the Group believes that the corresponding exposure to exchange rate risk arising from the U.S. dollars is not material.

The Group's net gearing ratio (i.e. borrowings less total cash resources divided by total equity) had improved from 94% at 31 December 2020 to 85% at 30 June 2021, mainly as result of disposal of several investment properties in the U.S. and repayment of related borrowings. The properties located in the Central U.S. are to be disposed of at appropriate time according to GR Realty's disposition criteria which, when completed, is considered to ease the Group's gearing position. It is the strategy of GR Realty as a real estate fund platform to pair investment properties under management with an appropriate level of mortgage loans at low interest rate to achieve higher rate of return. Currently, 88% of our total borrowings enjoyed interest rate below 6%. Our management will continue to monitor the Group's capital and debt structure from time to time aiming to control short-term debt ratio and mitigate its exposure to the risk of gearing.

Management Discussion & Analysis

Financial Guarantees

As at 30 June 2021, our Group did not have any financial guarantees given for the benefit of third parties.

Pledged Assets

As at 30 June 2021, our Group had pledged bank deposits amounting to HK\$42 million (as at 31 December 2020: HK\$35 million), investment properties in the U.S. of HK\$9,857 million (as at 31 December 2020: HK\$10,578 million) and assets classified as held for sale of HK\$156 million (as at 31 December 2020: nil), together with the interests of certain subsidiaries of the Group as securities to secure borrowings of our Group of HK\$7,335 million (as at 31 December 2020: HK\$7,749 million).

Significant Investments

As at 30 June 2021, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets as at 30 June 2021.

Contingent Liabilities

As at 30 June 2021, our Group had no significant contingent liabilities.

Capital Commitments

As at 30 June 2021, our Group had capital commitments of HK\$372 million (as at 31 December 2020: HK\$208 million), in respect of the property development projects in the U.S..

Use of Proceeds from Placing Exercises

The Company respectively allotted and issued 90,278,000 new ordinary shares of the Company on 17 April 2020 and 90,278,000 new ordinary shares of the Company on 27 May 2020 at subscription prices of HK\$1.00 and HK\$0.993 respectively (collectively the "**Placing Exercises**"). The Placing Exercises raised net proceeds of HK\$179.2 million.

The Placing Exercises were considered as ways to further strengthen our financial position, and also as steps to improve the liquidity of the ordinary shares of the Company on the Stock Exchange as the transaction volume of our ordinary shares was constantly thin. The Company's utilisation plan of the net proceeds from the Placing Exercises remained unchanged as at 30 June 2021 as compared to that disclosed in the Company's announcements and circular for the Placing Exercises. The Company intended to use around US\$10 million to US\$12 million (equivalent to HK\$77.5 million to HK\$93.0 million), representing 43% to 52% of the aggregate net proceeds from the Placing Exercises, for the investment in a real estate related project in the Metropolitan Area of the State of New York, and the remaining balance of the net proceeds was intended to be used as general working capital of our Group. Subject to the emerging opportunities, the Company considered applying the remaining balance of the net proceeds and other available cash resources of the Company for other good real estate investments in the U.S., if the investments would be in the interests of the Company and its shareholders as a whole.

Management Discussion & Analysis

Our Group has been actively looking for good investment opportunities under prudence approach. However, in view of uncertainties amid the COVID-19 pandemic, our Group had yet to make any significant investment nor utilise any portion as working capital of our Group out of the net proceeds from the Placing Exercises as at 30 June 2021, and this is considered in line with the interests of the Company and its shareholders as a whole.

Based on the best estimation made by the Group barring unforeseen circumstances (including in particular the development of the COVID-19 pandemic and the identification of a suitable investment target in the U.S. in the interest of the Company and its shareholders as a whole), the Company estimates that the expected timeline for utilizing the net proceeds for the above mentioned real estate investment is on or before the fourth quarter of 2022 whilst the expected timeline for applying the remaining balance of the net proceeds for general working capital of the Group is on or before the second quarter of 2022. These expected timelines may be subject to further change based on the future development of the market conditions.

EMPLOYEES

As at 30 June 2021, the total number of staff employed was 127 (as at 31 December 2020: 155), which included 102 staff employed by GR Realty. During the 2021 Interim Period, the level of our overall staff cost was HK\$45 million (2020 Interim Period: HK\$11 million), with staff cost of HK\$35 million contributed by GR Realty.

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.

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 17 to 69, which comprises the condensed consolidated statement of financial position of Gemini Investments (Holdings) Limited (the "Company") as of 30 June 2021 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

Lam Pik Wah

Practising Certificate Number P05325

Hong Kong, 13 August 2021

Condensed Consolidated Income Statement

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited) (Restated)
Revenue	4,5	640,789	56,603
Operating expenses	6	(311,322)	(18,423)
		329,467	38,180
Other income, gains/losses	7	56,179	16,555
Administrative and other expenses	8	(102,762)	(37,528)
Changes in fair value of financial instruments held for trading		4,241	(49,986)
Changes in fair value of financial assets at fair value through profit or loss		60,354	(30,819)
Changes in fair value of investment properties	13	(129,297)	(1,304)
(Provision for)/reversal of impairment loss on financial assets		(2,029)	34,861
Share of results of joint ventures		—	(64,436)
Share of results of associates	14	498	—
Finance costs	9	(219,044)	(8,803)
Loss attributable to limited partners and puttable instrument holders		81,794	—
Profit/(loss) before income tax		79,401	(103,280)
Income tax	10	(22,666)	(297)
Profit/(loss) for the period		56,735	(103,577)
Profit/(loss) for the period attributable to:			
Owners of the Company		20,540	(126,623)
Non-controlling interests		36,195	23,046
		56,735	(103,577)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company	11		
— Basic (HK dollar)		0.03	(0.25)
— Diluted (HK dollar)		0.02	(0.25)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	56,735	(103,577)
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	5,180	(5,021)
Other comprehensive income for the period	5,180	(5,021)
Total comprehensive income for the period	61,915	(108,598)
Total comprehensive income attributable to:		
Owners of the Company	25,720	(131,644)
Non-controlling interests	36,195	23,046
	61,915	(108,598)

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	At 30 June 2021 HK\$'000 (Unaudited)	At 31 December 2020 HK\$'000 (Audited)
Non-current assets			
Investment properties	13	10,619,592	11,363,561
Property, plant and equipment		31,856	75,176
Investments in associates	14	5,900	5,393
Financial assets at fair value through profit or loss	15	2,221,401	2,161,047
Deposits, prepayments and other receivables		128,897	110,412
Other financial assets	20	478,603	420,191
Restricted bank deposits	16	1,546	1,328
Deferred tax assets		106,566	128,429
		13,594,361	14,265,537
Current assets			
Properties under development		1,679,184	1,563,839
Deposits, prepayments and other receivables		104,403	69,290
Financial instruments held for trading		608,626	545,854
Tax recoverables		39,738	39,807
Restricted bank deposits	16	295,716	309,005
Cash and bank balances		1,235,939	1,162,189
		3,963,606	3,689,984
Assets classified as held for sale	17	182,964	—
		4,146,570	3,689,984
Total assets		17,740,931	17,955,521
Current liabilities			
Other payables and accrued charges		764,356	717,832
Financial instruments held for trading		—	5,465
Amounts due to shareholders	18	857,605	488,763
Tax payables		1,802	1,903
Borrowings	19	2,282,822	2,271,354
Other financial liabilities	20	138,921	150,345
		4,045,506	3,635,662
Net current assets		101,064	54,322
Total assets less current liabilities		13,695,425	14,319,859

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

		At 30 June 2021	At 31 December 2020
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Capital and reserves			
Share capital	21	371,191	371,191
Reserves		5,046,626	5,021,132
		5,417,817	5,392,323
Equity attributable to owners of the Company		1,788,569	1,794,362
Non-controlling interests			
Total equity		7,206,386	7,186,685
Non-current liabilities			
Other payables and accrued charges		27,278	31,219
Amounts due to shareholders	18	892,849	891,538
Borrowings	19	5,206,925	5,783,203
Other financial liabilities	20	317,286	375,663
Deferred tax liabilities		44,701	51,551
		6,489,039	7,133,174
Total equity and non-current liabilities		13,695,425	14,319,859

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

(Unaudited)	Share capital (Note 21)		Convertible preference shares reserve (Note 22)		Perpetual bond (Note 23)		Capital contribution reserve	Revaluation surplus 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	HK\$'000	HK\$'000
Balance at 31 December 2020	371,191	2,260,565	2,259,504	308,190	20,256	7,394	165,223	5,392,323	1,794,362	7,186,685				
Other comprehensive income														
— Exchange difference arising on translation of foreign operations						5,180								5,180
Profit for the period							20,540							36,195
Total comprehensive income for the period						5,180	20,540	25,720						61,915
Distribution paid to the holder of perpetual bond							(226)							(226)
Distribution paid to non-controlling interests													(41,988)	(41,988)
Balance at 30 June 2021	371,191	2,260,565	2,259,504	308,190	20,256	12,574	185,537	5,417,817	1,788,569	7,206,386				

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

(Unaudited)	Convertible preference shares		Perpetual bond		Capital contribution reserve		Capital reduction reserve		Share option reserve		Revaluation surplus reserve		Translation reserve		Retained profits		Attributable to owners of the Company		Non-controlling interests		Total equity	
	Share capital (Note 21)	reserves (Note 22)	reserves (Note 22)	reserves (Note 23)	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves	reserves
	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2019	185,463	2,355,633	2,259,504	308,190	—	22,336	20,256	11,927	282,884	5,446,083	300,764	5,746,847										
Other comprehensive income																						
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	—	(5,021)	—	(5,021)	—	(5,021)	—	—	—	—	—	—	—	—	—	(5,021)
(Loss)/profit for the period	—	—	—	—	—	—	—	—	(126,623)	(126,623)	23,046	(103,577)										
Total comprehensive income for the period	—	—	—	—	—	—	—	(5,021)	(126,623)	(131,644)	23,046	(108,598)										
Distribution paid to the holder of perpetual bond	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Distribution paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share allotment (Note 21)	180,566	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital reduction (Note 22)	—	(94,968)	—	—	94,968	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer arising from capital reduction (Note 22)	—	—	—	—	(94,968)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vested share options forfeited	—	—	—	—	—	(296)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance at 30 June 2020	366,019	2,260,565	2,259,504	308,190	—	22,040	20,256	6,906	251,299	5,494,769	313,295	5,808,064										

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit/(loss) before income tax	79,401	(103,280)
Adjustments for:		
Depreciation	7,688	3,092
Changes in fair value of financial instruments held for trading	(4,241)	49,986
Changes in fair value of financial assets at fair value through profit or loss	(60,354)	30,819
Changes in fair value of investment properties	129,297	1,304
Gain on disposal of investment properties	(35,064)	—
Gain on disposal of property, plant and equipment	(227)	—
Provision for/(reversal of) impairment loss on financial assets	2,029	(34,861)
Share of results of joint ventures	—	64,436
Share of results of associates	(498)	—
Finance costs	219,044	8,803
Interest income from bank deposits	(2,847)	(2,324)
Other interest income	(1,164)	(12,634)
Income from government grant	(18,055)	—
Impairment loss on assets reclassified to assets held for sale	3,832	—
Loss attributable to limited partners and puttable instrument holders	(81,794)	—
Operating profit before working capital changes	237,047	5,341
Increase in deposits, prepayments and other receivables	(54,463)	(3,454)
Increase in properties under development	(113,046)	(84,750)
Decrease/(increase) in restricted bank deposits	13,071	(8,349)
Increase in financial instruments held for trading	(63,996)	(227,867)
Increase/(decrease) in other payables and accrued charges	11,429	(3,433)
Net cash generated from/(used in) operations	30,042	(322,512)
Income tax paid	(7,496)	(1,175)
Net cash generated from/(used in) operating activities	22,546	(323,687)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,058)	(307)
Proceed from disposal of investment properties	520,202	—
Proceed from disposal of property, plant and equipment	5,238	—
Capital expenditure for investment properties	(57,446)	—
Interest received	2,847	14,958
Net cash generated from investing activities	469,783	14,651
Cash flows from financing activities		
New bank borrowing	154,054	100,755
Repayment of bank borrowings	(701,372)	—
Settlement of limited partner interests and puttable instrument	(46,500)	—
Repayment of lease liabilities	(8,117)	(3,213)
Interest paid	(144,100)	(13,325)
Distribution paid to non-controlling interests	(41,988)	(10,515)
Distribution paid to holder of perpetual bond	(226)	(226)
Increase/(decrease) in amounts due to shareholders	369,171	(293)
Proceeds from issue of shares	—	180,556
Net cash (used in)/generated from financing activities	(419,078)	253,739
Net increase/(decrease) in cash and cash equivalents	73,251	(55,297)
Cash and cash equivalents at beginning of the period	1,162,189	975,181
Effect of foreign exchange rate changes	499	2,198
Cash and cash equivalents at end of the period	1,235,939	922,082
Analysis of the balances of cash and cash equivalents:		
Short-term bank deposits	—	107,512
Cash and bank balances	1,235,939	814,570
	1,235,939	922,082

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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 2021 (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 2020 that is included in the Interim Financial Statements 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 2020 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).

The Interim Financial Statements were approved and authorised for issue on 13 August 2021.

2. BASIS OF PREPARATION

The preparation of the 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 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. BASIS OF PREPARATION *(Continued)*

The Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The 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 2020 annual financial statements. The 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 2020 consolidated financial statements.

The 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 15 to 16.

The expenses presentation of the Group for the six months ended 30 June 2021 in the condensed consolidated income statement has been reclassified from the analysis by nature to the analysis by function. The management considered that the current presentation is more appropriate for the results of the Group following the changes in the Group’s operation after the consolidation of Gemini-Rosemont Realty LLC (“GR Realty”) as detailed in 2020 annual report. The comparative amounts in the condensed consolidated income statement for the six months ended 30 June 2020 are re-presented accordingly, which are summarised below:

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

2. BASIS OF PREPARATION (Continued)

Effect of condensed consolidated income statement for the six months ended 30 June 2020:

	As previously reported	Reclassified from analysis by nature to function	Reclassified from administrative and other expenses to operating expenses	As restated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	56,603	—	—	56,603
Operating expenses	—	—	(18,423)	(18,423)
	56,603	—	(18,423)	38,180
Other income, gains/losses	16,555	—	—	16,555
Administrative and other expenses	—	(55,951)	18,423	(37,528)
Employee costs	(10,926)	10,926	—	—
Depreciation	(3,092)	3,092	—	—
Other expenses	(41,933)	41,933	—	—
Changes in fair value of financial instruments held for trading	(49,986)	—	—	(49,986)
Changes in fair value of financial assets at fair value through profit or loss	(30,819)	—	—	(30,819)
Changes in fair value of investment properties	(1,304)	—	—	(1,304)
Reversal of impairment loss on financial assets	34,861	—	—	34,861
Share of results of joint ventures	(64,436)	—	—	(64,436)
Finance costs	(8,803)	—	—	(8,803)
Loss before income tax	(103,280)	—	—	(103,280)
Income tax	(297)	—	—	(297)
Loss for the period	(103,577)	—	—	(103,577)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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.

The Interim Financial Statements have been prepared with the same accounting policies adopted in the 2020 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 2021.

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 2021.

Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
2021 Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021 ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
HKFRS 17	Insurance Contracts ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁵
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ⁵

¹ No mandatory effective date yet determined but available for adoption.

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. 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.

For better reflection of the combined revenue structure and performance measurement after consolidation of GR Realty as disclosed in 2020 annual report, as well as enhance the comparability of the segment results, the operating segments were reallocated. The segment information in 2020 was restated accordingly.

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

1. Property investment in the United States of America (the "U.S.") — Rental income and ancillary service income from leasing of office property and residential condominium which are managed by GR Realty.
2. Property development in the U.S. — Income from sale of quality commercial and residential properties in the U.S. which are managed by GR Realty.
3. Property investment in Hong Kong — Rental income from leasing of office and residential properties in Hong Kong.
4. Fund investments — Investing in various investment funds and generating investment income.
5. Securities and other investments — Investing in various securities and generating investment income.

Revenue and expenses are allocated to the reportable segments with reference to the income generated from 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results from operations by reportable and operating segments.

For the six months ended 30 June 2021

	Managed by GR Realty					Elimination	Consolidated
	Property investment in the U.S.	Property development in the U.S.	Property investment in Hong Kong	Fund investments	Securities and other investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	632,631	–	4,861	–	3,297	–	640,789
Less: Inter-segment sales	–	–	–	–	2,513	(2,513)	–
Revenue as presented in condensed consolidated income statement	632,631	–	4,861	–	5,810	(2,513)	640,789
Segment results	329,247	(1,018)	(3,199)	60,181	5,068		390,279
Interest income from bank deposits							2,847
Depreciation							(7,688)
Provision for impairment loss on financial assets							(2,029)
Finance costs							(219,044)
Unallocated corporate expenses							(84,964)
Profit before income tax							79,401

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2020

	Managed by GR Realty					Elimination	Consolidated
	Property investment in the U.S.	Property development in the U.S.	Property investment in Hong Kong	Fund Investments	Securities and other investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited) (Restated)	(Unaudited) (Restated)
Segment revenue	49,754	—	5,403	—	1,446	—	56,603
Less: Inter-segment sales	—	—	—	—	2,598	(2,598)	—
Revenue as presented in condensed consolidated income statement	49,754	—	5,403	—	4,044	(2,598)	56,603
Segment results	31,915	(3,415)	(13,421)	(30,751)	(50,186)		(65,858)
Interest income from bank deposits							2,324
Depreciation							(3,092)
Finance costs							(8,803)
Unallocated corporate expenses							(27,851)
Loss before income tax							(103,280)

Segment result represents the profit or loss by each segment without allocation of interest income from bank deposits, depreciation, unallocated provision for impairment loss on financial assets, unallocated corporate expenses (including central administration and staff costs and directors' remuneration) and finance costs. This is the measure reported to the chief operating decision makers, the executive directors, for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

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

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Assets		
Segment assets		
— Property investment in the U.S.	12,287,818	12,493,122
— Property development in the U.S.	1,684,378	1,660,888
— Property investment in Hong Kong	443,454	450,560
— Fund investments	2,280,223	2,215,529
— Securities and other investments	848,681	928,944
Unallocated assets	196,377	206,478
Consolidated total assets	17,740,931	17,955,521
Liabilities		
Segment liabilities		
— Property investment in the U.S.	8,981,435	9,571,846
— Property development in the U.S.	629,964	629,963
— Property investment in Hong Kong	4,013	4,013
— Fund investments	268	268
— Securities and other investments	190	4,186
Unallocated liabilities	918,675	558,560
Consolidated total liabilities	10,534,545	10,768,836

Segment assets include all assets are allocated to operating segments other than unallocated property, plant and equipment, deferred tax assets, unallocated deposits, prepayments and other receivables, tax recoverables, unallocated cash and bank balances which are not allocated to a segment.

Segment liabilities included all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, unallocated amounts due to shareholders, unallocated lease liabilities and unallocated other payables and accrued charges.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

5. REVENUE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	511,555	55,157
Dividend income	3,297	1,446
Revenue from contracts with customers — Ancillary service income to property leasing	125,937	—
	640,789	56,603

6. OPERATING EXPENSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Repairs, maintenance and utilities	129,771	7,726
Property insurance costs	12,209	831
Property management expenses	19,498	3,853
Real estate taxes	148,117	5,820
Others	1,727	193
	311,322	18,423

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

7. OTHER INCOME, GAINS/LOSSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	2,847	2,324
Other interest income	1,164	12,634
Gain on disposal of investment properties	35,064	—
Gain on disposal of property, plant and equipment	227	—
Impairment loss on assets reclassified to assets held for sale (Note 17)	(3,832)	—
Government grant (Note)	18,055	—
Sundry	2,654	1,597
	56,179	16,555

Note:

Government grant related to the paycheck protection program set up by the U.S. Department of the Treasury for the purpose of providing financial support to enterprises to maintain their payroll and cover applicable overhead. There were no unfulfilled conditions or contingencies relating to this government grant in which it was recognised during the period.

8. ADMINISTRATIVE AND OTHER EXPENSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Auditors' remuneration	2,617	2,703
Depreciation	7,688	3,092
Employee costs	44,949	10,926
Rental expenses on short term leases	803	337
Legal and professional fee	21,717	6,878
Insurances expenses	4,476	559
Informative service fee	4,463	227
Others	16,049	12,806
	102,762	37,528

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

9. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	215,932	13,582
Interest expenses on lease liabilities	3,112	573
Total interest expenses for financial liabilities that are not measured at fair value through profit or loss	219,044	14,155
Others	—	302
Less: Amount capitalised (Note)	—	(5,654)
	219,044	8,803

Note:

Borrowing costs have been capitalised during the six months ended 30 June 2020 at various applicable rates ranging from 2.88% to 4.43% per annum and included in the additions to properties under development.

10. INCOME TAX

The taxation attributable to the Group's operation comprises:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Over provision in respect of prior year	—	(40)
Overseas tax		
— Provision for the period	5,477	337
— Under provision in respect of prior year	2,019	—
	7,496	337
Total current tax	7,496	297
Deferred tax expenses	15,170	—
Income tax expenses	22,666	297

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

10. INCOME TAX (Continued)

No Hong Kong profits tax was provided for the six months ended 30 June 2021 as the Group has no estimated assessable profit (six months ended 30 June 2020: Nil).

All of the Group's People's Republic of China ("PRC") subsidiaries are subject to the PRC Enterprise Income Tax ("EIT") rate at 25% (six months ended 30 June 2020: 25%). No PRC EIT was provided for the six months ended 30 June 2021 and 2020 as there was no assessable income for the period.

Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the adjusted profit for the period attributable to owners of the Company of approximately HK\$20,314,000 (six months ended 30 June 2020: adjusted loss of approximately HK\$126,849,000) and on the weighted average number of 635,570,000 ordinary shares (six months ended 30 June 2020: 504,962,000 ordinary shares) in issue during the period.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss) attributable to owners of the Company	20,540	(126,623)
Less: Distribution paid to the holder of perpetual bond during the period	(226)	(226)
Adjusted profit/(loss) attributable to owners of the Company	20,314	(126,849)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

11. EARNINGS/(LOSS) PER SHARE (Continued)

(b) Diluted earnings/(loss) per share

The calculation of the diluted earnings/(loss) per share is based on the adjusted profit/(loss) attributable to owners of the Company as used in the basic earnings/(loss) per share calculation. 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/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of diluted earnings per share are based on:

	30 June 2021
	HK\$'000
	(Unaudited)

Adjusted profit attributable to owners of the Company, used in the basic earnings per share calculation

20,314

	30 June 2021
	Number of shares

Shares

Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation

635,570,000

Effect of dilution — weighted average number of ordinary shares:
Convertible preference shares

377,167,000

Weighted average number of ordinary shares in issue during the period used in the anti-diluted earnings per share calculation

1,012,737,000

No adjustment has been made to basic loss per share amount presented for the six months ended 30 June 2020 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

12. INTERIM DIVIDEND

The board of directors do not recommend the payment of dividend during the current interim period (six months ended 30 June 2020: Nil).

13. INVESTMENT PROPERTIES

The Group's investment properties comprise:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Properties in Hong Kong	443,010	450,560
Properties in the U.S.	10,176,582	10,913,001
	10,619,592	11,363,561

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 revaluation of investment properties during the current period gave rise to a net loss arising from changes in fair value of approximately HK\$129,297,000 (six months ended 30 June 2020: approximately HK\$1,304,000) which has been recognised in profit or loss. Approximately 73% (31 December 2020: approximately 74%) of the investment properties of the Group are rented out under operating leases as at 30 June 2021.

As at 30 June 2021, investment properties in the U.S. of approximately HK\$9,856,709,000 (31 December 2020: approximately HK\$10,578,093,000) were pledged as collateral for bank borrowings of approximately HK\$6,408,288,000 (31 December 2020: approximately HK\$6,922,096,000) (Note 19).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

13. 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 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	11,363,561	1,522,774
Additions through consolidation of GR Realty	—	10,220,027
Capital expenditure	57,446	88,312
Disposals	(532,129)	—
Disposal of a subsidiary	—	(61,540)
Changes in fair value	(129,297)	(404,775)
Transferred to assets held for sale (Note 17)	(155,790)	—
Exchange realignment	15,801	(1,237)
	10,619,592	11,363,561

- (c) Included in total investment properties are assets in which the Group is a lessee for certain ground leases. These ground leases have been recognised with the corresponding investment properties at fair value and recorded as investment properties.

A reconciliation of the ground leases is as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	94,664	—
Additions through consolidation of GR Realty	—	102,102
Disposal of a subsidiary	—	(7,635)
Changes in fair value	109	158
Exchange realignment	139	39
	94,912	94,664

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

14. INVESTMENTS IN ASSOCIATES

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of the period/year	5,393	—
Addition — through consolidation of GR Realty	—	6,882
Contributions	—	3
Share of results	498	(1,500)
Exchange difference	9	8
	<hr/> 5,900 <hr/>	<hr/> 5,393 <hr/>
At the end of the period/year	5,900	5,393

Details of the Group's interest in associates as at 30 June 2021 and 31 December 2020, are as follows:

Name of associates	Form of business structure	Place of business/country of incorporation	Percentage of ownership interests/voting rights		Principal activities
			30	31	
			June 2021	December 2020	
Pyramid Plaza Member, LLC	Limited liability company	The U.S	4.38%	4.38%	Investment holding
BIG Pyramid Plaza, LLC	Limited liability company	The U.S	1.73%	1.73%	Investment holding
BIG One American Place, LLC	Limited liability company	The U.S	2.82%	2.82%	Investment holding
One American Place Member, LLC	Limited liability company	The U.S	1.34%	1.34%	Investment holding
Gemini Business Consultancy Palo Alto LLC	Limited liability company	The U.S	25%	25%	Dormant

All associates are considered as immaterial associates of the Group and are accounted for using the equity method. The aggregate carrying amount of the interest in all individually immaterial associates is US\$760,000 (equivalent to approximately HK\$5,900,000) (31 December 2020: US\$695,000 (equivalent to approximately HK\$5,393,000)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted equity investments (Note (a))	81	71
Other assets (Note (b))	6,330	6,110
Unlisted fund investments (Note (c))	2,214,990	2,154,866
	2,221,401	2,161,047

The fair value of these investment as at 30 June 2021 and 31 December 2020, were estimated by BMI Appraisals Limited ("BMI Appraisals"), details of fair value measurement are set out in Note 27 to the condensed consolidated financial statements.

Notes:

- (a) At the end of the reporting period, the fair value of the Group's investment in unlisted equity securities issued by a private equity incorporated outside Hong Kong was approximately RMB67,000 (equivalent to approximately HK\$81,000) (31 December 2020: approximately RMB59,000 (equivalent to approximately HK\$71,000)).
- (b) Other assets represented the club debentures. As the end of the reporting period, the fair value of the club debentures held by the Group was HK\$6,330,000 (31 December 2020: HK\$6,110,000).

As at 30 June 2021 and 31 December 2020, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted equity investments and club debentures) 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 2020: 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 2021 was approximately HK\$145,524,000 (31 December 2020: approximately HK\$138,845,000).
- (c)(ii) At the end of the reporting period, the Group held approximately 141,000 (31 December 2020: 141,000) Participating 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 Shares of the Sub-Fund A held by the Group as at 30 June 2021 was approximately HK\$194,122,000 (31 December 2020: approximately HK\$176,749,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

Notes: *(Continued)*

(c)(iii) At the end of the reporting period, the Group also held approximately 110,000 (31 December 2020: 110,000) Participating 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 Shares of the Sub-Fund B held by the Group as at 30 June 2021 was approximately HK\$197,651,000 (31 December 2020: approximately HK\$184,042,000).

As at 30 June 2021 and 31 December 2020, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted fund investments) as mentioned in Notes (c)(i) to (c)(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 2020: 1,012,000) non-redeemable, non-voting participating shares of the Neutron Property Fund Limited (the "Property Fund"), which incorporated in Cayman Islands and 637,000 (31 December 2020: 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 2021 was approximately HK\$490,108,000 (31 December 2020: approximately HK\$496,329,000) and approximately HK\$528,786,000 (31 December 2020: approximately HK\$536,869,000) respectively.

The investment objective of the Property Fund is to achieve medium to long term capital appreciation through investing substantially all of its assets available for investment in residential, industrial, retail and commercial real estate and related investments primarily in Hong Kong, the U.S. 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 U.S., Europe, Japan 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 ("the PRB Fund"), pursuant to which the Group agreed to contribute commitments for a total amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000) as a limited partner to the PRB Fund. The amount of the Group's commitments represents 23.08% of the total commitments of US\$260,000,000 (equivalent to approximately HK\$2,025,000,000). As at 30 June 2021, the fair value of the investments in the PRB Fund was approximately HK\$658,799,000 (31 December 2020: approximately HK\$622,032,000).

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 and to invest in other investment funds.

As at 30 June 2021 and 31 December 2020, the Group has no outstanding commitments to make capital contribution.

As at 30 June 2021 and 31 December 2020, the fair value measurement of the financial assets at fair value through profit or loss (i.e. unlisted fund investments) as mentioned in Notes (c)(iv) and (c)(v) above was categorised within level 3 of the fair value hierarchy.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

16. RESTRICTED BANK DEPOSITS

As at 30 June 2021, restricted bank deposits represented pledged bank deposits amounted to approximately HK\$41,575,000 (31 December 2020: approximately HK\$34,992,000) and escrow and reserves of approximately HK\$255,687,000 (31 December 2020: approximately HK\$275,341,000). Certain pledged bank deposits amounted to approximately HK\$40,029,000 (31 December 2020: approximately HK\$33,664,000) were classified as current assets and the remaining balance of pledged bank deposits of approximately HK\$1,546,000 (31 December 2020: approximately HK\$1,328,000) were classified as non-current assets as at 30 June 2021.

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 for insurance and real estate taxes over the next period and capital repairs as needed. Escrow and reserves are classified as current assets accordingly.

Pledged bank deposits have been secured for the borrowings as disclosed in Note 19.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

17. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale is as follows:

	30 June 2021
	HK\$'000
	(Unaudited)
Property, plant and equipment (Note (a))	27,174
Investment properties (Note (b))	155,790
	<hr/>
	182,964
	<hr/> <hr/>

Notes:

- (a) During the six months ended 30 June 2021, the Group entered into sale agreements with independent third parties to sell a property, plant and equipment with a consideration of approximately HK\$27,174,000. The net proceeds of disposal are less than the carrying amount of the relevant asset and accordingly, an impairment loss of approximately HK\$3,832,000 has been recognised.

The property, plant and equipment which was expected to be sold within twelve months was classified as held for sale and were presented separately in the condensed consolidated statement of financial position.

As at 30 June 2021, property, plant and equipment in assets classified as held for sale of approximately HK\$27,174,000 (31 December 2020: Nil) were pledged as collateral for bank borrowings of approximately HK\$21,911,000 (31 December 2020: Nil) (Note 19).

- (b) During the six months ended 30 June 2021, the Group entered into two sale agreements with independent third parties to sell investment properties with a total consideration of approximately HK\$159,245,000. The fair values of the investment property classified as held for sale at 30 June 2021 has been arrived on the income capitalisation approach carried out by the management as disclosed in Note 13.

The investment property which was expected to be sold within twelve months was classified as held for sale and were presented separately in the condensed consolidated statement of financial position.

As at 30 June 2021, investment properties in assets classified as held for sale of approximately HK\$155,790,000 (31 December 2020: Nil) were pledged as collateral for bank borrowings of approximately HK\$107,694,000 (31 December 2020: Nil) (Note 19).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

18. AMOUNTS DUE TO SHAREHOLDERS

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Current liabilities		
Sino-Ocean Group Holding Limited ("Sino-Ocean") (Note (a))	857,605	488,763
Non-current liabilities		
Grand Beauty Management Limited ("Grand Beauty") (Note (b))	892,849	891,538

Notes:

- (a) The amount due is unsecured, interest-free and repayable on demand.
- (b) The amount due is unsecured, interest bearing at a rate of 4.25% per annum, matures on 1 April 2023 and denominated in U.S. dollars. The related interest payable due to Grand Beauty amounted to approximately HK\$203,054,000 (31 December 2020: approximately HK\$181,000,000) is included in other payables and accrued charges.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. BORROWINGS

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Lease liabilities (Note (a))		
Within 1 year	7,818	9,287
After 1 year but within 2 years	6,526	6,984
After 2 years but within 5 years	7,564	10,842
Over 5 years	95,578	95,404
	117,486	122,517
Bank loans and revolving loans (Note (b))		
Within 1 year	2,151,520	2,152,365
After 1 year but within 2 years	1,824,517	398,851
After 2 years but within 5 years	1,797,396	3,751,773
Over 5 years	849,864	860,210
	6,623,297	7,163,199
Notes payable (Note (c))		
Within 1 year	123,484	109,702
After 1 year but within 2 years	329,202	241,708
After 2 years but within 5 years	296,278	417,431
	748,964	768,841
Total borrowings	7,489,747	8,054,557
Amount due within 1 year included under current liabilities	(2,282,822)	(2,271,354)
	5,206,925	5,783,203

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. BORROWINGS (Continued)

Notes:

(a) Lease liabilities:

Future lease payments are due as follows:

	Minimum lease payments 30 June 2021	Interest 30 June 2021	Present value 30 June 2021
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Within 1 year	13,709	5,891	7,818
After 1 year but within 2 years	12,071	5,545	6,526
After 2 years but within 5 years	22,857	15,293	7,564
Over 5 years	308,241	212,663	95,578
	356,878	239,392	117,486

	Minimum lease payments 31 December 2020	Interest 31 December 2020	Present value 31 December 2020
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Within 1 year	15,391	6,104	9,287
After 1 year but within 2 years	12,694	5,710	6,984
After 2 years but within 5 years	26,351	15,509	10,842
Over 5 years	310,243	214,839	95,404
	364,679	242,162	122,517

(b) Bank loans and revolving loans:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Secured loans	6,586,418	6,980,240
Unsecured loans	36,879	182,959
	6,623,297	7,163,199

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

19. BORROWINGS (Continued)

Notes: (Continued)

(b) Bank loans and revolving loans: (Continued)

All the bank loans and revolving loans are denominated in U.S. dollars.

The bank loans and revolving loans amounted to US\$848,339,000 (equivalent to approximately HK\$6,586,418,000) (31 December 2020: US\$900,386,000 equivalent to approximately HK\$6,980,240,000) were secured by way of legal charges over certain of the Group's investment properties in the U.S. (Note 13(a)), pledged bank deposits (Note 16), assets classified as held for sale (Note 17) and the interests of certain subsidiaries of the Group.

(c) Notes payable

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Secured notes payable	748,964	768,841

All the notes payable are denominated in U.S. dollars and were secured by way of legal charges over the interests of certain subsidiaries of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. OTHER FINANCIAL ASSETS/LIABILITIES

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current assets		
Limited partner interests (Note (a))	478,603	420,191
Current liabilities		
Interests of Class B members with put option (Note (b))	138,921	150,345
Non-current liabilities		
Limited partner interests (Note (a))	317,286	375,663

Notes:

- (a) Limited partner interests are associated with those limited partnerships where GR Realty being the general partner. Limited partner interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Group's condensed consolidated income statement and within assets/liabilities or equity in the condensed consolidated statement of financial position.

The limited partner interests associated with those limited partnerships that have a perpetual term are recognised as non-controlling interests within equity in the condensed consolidated statement of financial position. The related income or loss allocated to non-controlling interests is presented as profit or loss attributable to non-controlling interests in the condensed consolidated income statement.

The limited partner interests associated with those limited partnerships that have a fixed term are recognised as non-current assets or non-current liabilities in the condensed consolidated statements of financial position, and the related income or loss is recognised as the profit or loss attributable to limited partners in the condensed consolidated income statement.

The Group allocates partnership income between the general partner interests and the limited partner interests by using the waterfall calculation (the "Waterfall"), which are based on the terms agreed in the limited partnership agreements. Where there are losses or where the value of entity is lower than the initial investment, losses are allocated pro rata basis on the capital invested in the subsidiary. The allocation represent the change in the liquidation value of the subsidiary which is composed of the finance costs in form of distributions to the non GR Realty interests, income or expenses allocated to non-controlling interest (equity) and the residual movement year over year.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

20. OTHER FINANCIAL ASSETS/LIABILITIES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

The ownership by a member of the relevant units shall entitle such member to allocations of net income, net loss and other items of income, gain, loss or deduction, and distributions of cash and other property of GR Realty for each fiscal year, in proportion to their respective distribution percentage interests, after repayment of loans made by the members or their affiliates to GR Realty and relevant tax payments.

For the six months ended 30 June 2021, the loss allocated to the limited partners amounted to approximately HK\$81,919,000 (six months ended 30 June 2020: Nil) and recognised as loss attributable to limited partners and puttable instrument holders in the condensed consolidated income statements.

(b) GR Realty has three authorised classes of units and the Class A units are owned by the Group and the Property Fund, Class B units are owned by the Property Fund and Garfield Group Partners LLC, and Class C units are owned by Rosemont Realty, LLC. As a result of the agreement entered into by the Group and other members of GR Realty on 31 July 2020, the Group has obtained the control in GR Realty.

Each of the Class B members has an option to sell all or any portion of the Class B units to GR Realty, at the purchase price representing their fair value as determined by a qualified appraiser. Accordingly, the interests of Class B members with a put option are classified as current liabilities in the condensed consolidated statement of financial position of the Group.

The fair value of interests of Class B members with a put option was approximately US\$17,893,000 (equivalent to approximately HK\$138,921,000) at 30 June 2021 (31 December 2020: approximately US\$19,415,000 (equivalent to approximately HK\$150,345,000)). The gain on change in fair value of the interests of Class B Members with a put option was approximately US\$16,000 (equivalent to approximately HK\$125,000) for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil), and was included as loss attributable to limited partners and puttable instrument holders in the condensed consolidated income statement.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

21. SHARE CAPITAL

	30 June 2021		31 December 2020	
	Number	HK\$'000	Number	HK\$'000
Ordinary shares				
At beginning of the period/year	635,570,000	371,191	451,390,000	185,453
Allotment and issue of shares	–	–	180,556,000	180,556
Exercise of share option	–	–	3,624,000	5,182
At the end of the period/year	635,570,000	371,191	635,570,000	371,191

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

During the year ended 31 December 2020, the Company completed the allotment and issue of 90,278,000 ordinary shares of HK\$1 each under general mandate and 90,278,000 ordinary shares of HK\$1 each under specific mandate. These ordinary shares rank pari passu in all respects among themselves and with other existing ordinary shares. Details of the allotment and issue of these shares are set out in the announcements of the Company dated 3 April 2020, 17 April 2020 and 27 May 2020 and the Company's circular dated 28 April 2020.

During the year ended 31 December 2020, the Company allotted and issued 3,624,000 ordinary shares of HK\$0.96 each under the share option scheme.

As at 30 June 2021 and 31 December 2020, Grand Beauty and Estate Spring International Limited directly owned approximately 24.86% and 39.86% issued ordinary shares of the Company respectively. Grand Beauty is an indirect wholly-owned subsidiary of Sino-Ocean.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. 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 shareholder, Grand Beauty, after having obtained the approval from the independent shareholders of the Company at the extraordinary general meeting held on the same date.

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE PREFERENCE SHARES RESERVE (Continued)

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 will commence from 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, provided that: (i) such conversion price shall only be HK\$3 in respect of such number of CPSs (in such integral multiple) (the "Adjusted CPSs") which will 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 proposed amendments to the terms of the CPSs were set out in the Company's announcement and circular 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.

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 between the fair value of the Adjusted CPSs of approximately HK\$77,301,000 and its carrying amount of approximately HK\$610,399,000 at the Effective Date was recognised as "Other reserve" included in "Reserves" and as presented in the Group's condensed consolidated statement of changes in equity.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE PREFERENCE SHARES RESERVE (Continued)

Amendments (Continued)

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 balance of HK\$533,098,000 recorded in the “Other reserve” was also reclassified as convertible preference shares reserve after the Expiry of Adjustments.

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 accumulated losses account of the Company during the year ended 31 December 2017.

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 proposed 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”).

Following completion of the Second Capital Reduction, the credit in the amount of approximately HK\$130,000,000 in the CPSs reserve account of the Company arising from the Capital Reduction shall be transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK\$130,000,000 in the capital reduction reserve account of the Company shall be 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

22. CONVERTIBLE PREFERENCE SHARES RESERVE (Continued)

Capital reduction (Continued)

On 28 February 2020, Grand Beauty executed a third deed of cancellation in favour of the Company, pursuant to which Grand Beauty agreed to the implementation of the proposed capital reduction involving the cancellation of 31,666,667 CPSs held by Grand Beauty (representing approximately 4.03% of all the CPSs in issue as at 31 December 2019 ("Third Capital Reduction")).

Following completion of the Third Capital Reduction, the credit in the amount of approximately HK\$94,948,000 in the CPSs reserve account of the Company arising from the capital reduction shall be transferred and credited to the capital reduction reserve account of the Company; and the credit in the amount of approximately HK\$94,948,000 in the capital reduction reserve account of the Company shall be applied to set off against the accumulated losses of the Company.

Details of the Third Capital Reduction was set out in the announcement of the Company dated 28 February 2020 and circular of the Company dated 18 March 2020.

23. 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 offsetting 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

23. PERPETUAL BOND (Continued)

The carrying amounts 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. The perpetual bond is classified as an equity of the Company.

During the six months ended 30 June 2021, the Company paid a distribution of perpetual bond to Grand Beauty amounted to approximately HK\$226,000 (30 June 2020: approximately HK\$226,000).

24. OPERATING LEASE COMMITMENTS

The Group as lessor:

Property rental income earned from leasing of the Group's investment properties during the period is disclosed in Notes 4 and 5. The properties held by the Group have committed tenants for the lease term ranging from six months to eight years (31 December 2020: six months to eight years) and rentals are fixed over the lease terms.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	1,046,800	1,119,036
After 1 year but within 2 years	863,511	950,119
After 2 years but within 3 years	724,732	812,120
After 3 years but within 4 years	622,234	687,272
After 4 years but within 5 years	498,536	598,470
After 5 years	985,617	1,547,965
	4,741,430	5,714,982

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

25. CAPITAL COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not yet incurred are as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Properties under development	372,030	208,028

26. RELATED PARTY TRANSACTIONS

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2021 was HK\$2,117,000 (six months ended 30 June 2020: HK\$1,329,000).

In addition to those related party transactions disclosed elsewhere in the Interim Financial Statements, the Group entered into the following transactions with its related parties during the six months ended 30 June 2021. The transactions were carried out estimated market prices determined by the Group's management.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Transactions with a joint venture:		
— Asset management fee paid	—	2,288
— Building management fee paid	—	155
— Other loan interest income	—	(12,634)
	—	(10,191)
Transactions with a shareholder:		
— Interest expenses (Note)	22,208	—

Note:

As at 30 June 2021 and 31 December 2020, as described in Note 18, amount due to shareholders of US\$115,000,000 (equivalent to approximately HK\$892,849,000) (31 December 2020: US\$115,000,000 (equivalent to approximately HK\$891,538,000)) in aggregate with interest-bearing at rate of 4.25% per annum (31 December 2020: 4.25% per annum). The interest expenses incurred for the amount due to a shareholder for the period was approximately HK\$22,208,000 (six months ended 30 June 2020: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. 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 2021			
	Level 1	Level 2	Level 3	Total
(Unaudited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
— Unlisted equity investments (Note (i))	—	—	81	81
— Others (Note (i))	—	—	6,330	6,330
— Unlisted fund investments (Notes (i), (ii) and (iii))	—	537,298	1,677,692	2,214,990
— Financial instruments held for trading (Note (ii))	608,626	—	—	608,626
— Limited partner interests (Note (iv))	—	—	478,603	478,603
	608,626	537,298	2,162,706	3,308,630
Financial liabilities at fair value through profit or loss				
— Interests of Class B members with put option (Note (iv))	—	—	138,921	138,921
— Limited partner interests (Note (iv))	—	—	317,286	317,286
	—	—	456,207	456,207

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. FAIR VALUE MEASUREMENT (Continued)

(Audited)	As at 31 December 2020			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss				
— Unlisted equity investments (Note (i))	—	—	71	71
— Others (Note (ii))	—	—	6,110	6,110
— Unlisted fund investments (Notes (i), (ii) and (iii))	—	499,636	1,655,230	2,154,866
— Financial instruments held for trading (Note (ii))	545,854	—	—	545,854
— Limited partner interests (Note (iv))	—	—	420,191	420,191
	545,854	499,636	2,081,602	3,127,092
Financial liabilities at fair value through profit or loss				
— Forward exchange contracts and futures contracts	3,991	—	—	3,991
— Interest rate swap contracts	—	1,474	—	1,474
— Interests of Class B members with put option (Note (iv))	—	—	150,345	150,345
— Limited partner interests (Note (iv))	—	—	375,663	375,663
	3,991	1,474	526,008	531,473

During the six months ended 30 June 2021 and the year ended 31 December 2020, 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 to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. FAIR VALUE MEASUREMENT (Continued)

Notes:

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

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of period/year	1,661,411	1,800,471
Return of capital	—	(63,726)
Fair value change recognised in profit or loss	22,692	(75,334)
At the end of period/year	1,684,103	1,661,411

- (ii) Fair value measurements recognised in the statement of financial position

Certain financial assets at fair value through profit or loss and the financial instruments held for trading are measured subsequent to initial recognition at fair value, grouped into Level 2 and Level 1 respectively based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those financial assets at fair value through profit or loss (Notes 15(c)(i), (ii) and (iii)) in Level 2 is the share of the net assets value of the funds at the end of the reporting period, taking into account the quoted price of the listed equity securities held by the funds.

As at 30 June 2021, the fair values of financial assets at fair value through profit or loss grouped into level 2 and financial instruments held for trading grouped into level 1 are HK\$537,297,000 (31 December 2020: HK\$499,636,000) and HK\$608,626,000 (31 December 2020: HK\$545,854,000) respectively.

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. FAIR VALUE MEASUREMENT (Continued)

Notes: (Continued)

- (iii) The valuations of unlisted fund investments are determined based on the following significant unobservable inputs:

Nature of financial assets	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
Unlisted fund investments which principally invested in residential and commercial real estate	Asset-based approach	Discount/ Premium of quality of properties (e.g. view, level, size and condition of the properties)	-5% — 7%	Had the discount decreased by 10%, the fair value would have increased by approximately HK\$16,296,000. Had the discount increased by 10%, the fair value would have decreased by approximately HK\$16,296,000.
Unlisted fund investments which invests in real estate project	Asset-based approach	Discount/ Premium of quality of properties (e.g. location, size, condition and time of the properties)	-16% — 30%	Had the discount decreased by 10%, the fair value would have increased by approximately HK\$68,224,000. Had the discount increased by 10%, the fair value would have decreased by approximately HK\$68,224,000.

- (iv) The fair value of interest of Class B members with put option within Level 3 is determined by assets based approach. The fair value of it is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the Class B is interested.

The fair value of limited partner interests within Level 3 is determined by assets based approach. The fair value of it is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the limited partnership is interested.

The investment property's fair value is itself subject to a number of unobservable inputs as disclosed Note 13, including the discount rate and the terminal capitalisation rate.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

27. FAIR VALUE MEASUREMENT *(Continued)*

Notes: *(Continued)*

(iv) *(Continued)*

The fair values of interest of Class B members with put option and limited partner interests are level 3 fair value measurement. The movement of these financial instruments is as follows:

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At the beginning of period/year	(105,817)	—
Additions through consolidation of GR Realty	—	(289,642)
Settlement of limited partner interests and puttable instrument	46,500	(3,211)
Loss attributable to limited partners and puttable instrument holders	81,794	187,285
Exchange realignment	(81)	(249)
	<hr/>	<hr/>
At the end of period/year	22,396	(105,817)

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.

Other Information

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

As at 30 June 2021, none of the directors ("**Director(s)**") and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of 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 (i) 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 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 maintained by the Company referred to therein, or (iii) 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.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 23 June 2011 (the "**2011 Share Option Scheme**") is valid and effective for a period of 10 years commencing from 23 June 2011. With effect from 23 June 2021, the 2011 Share Option Scheme has expired.

There was no outstanding share option granted under the 2011 Share Option Scheme as at 1 January 2021. In addition, there was no new share option granted under the 2011 Share Option Scheme during the six months ended 30 June 2021 (the "**2021 Interim Period**").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the 2011 Share Option Scheme, at no time during the 2021 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2021, so far as is known to any Director or chief executive of the Company, 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 ordinary shares of the Company (the "Shares")/ underlying Shares	Approximate percentage of interest in the issued Shares as at 30 June 2021 (Note 1)
Sino-Ocean Group Holding Limited ("Sino-Ocean")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Shine Wind Development Limited ("Shine Wind")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Faith Ocean International Limited ("Faith Ocean")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Sino-Ocean Land (Hong Kong) Limited ("SOL HK")	Interest of controlled corporation (Notes 3 and 5)	800,654,083 (L) (Note 4)	125.97%
Grand Beauty Management Limited ("Grand Beauty")	Beneficial owner (Note 3)	157,986,500(L)	24.86%
	Beneficial owner (Note 3)	377,166,666 (L) (Note 2)	59.34%
		Total:	84.20%

Other Information

Name	Nature of Interest/capacity	Number of ordinary shares of the Company (the "Shares")/ underlying Shares	Approximate percentage of interest in the issued Shares as at 30 June 2021 (Note 1)
Heroic Peace Limited ("Heroic Peace")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Fortune Joy Ventures Limited ("Fortune Joy")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Sino-Ocean Capital Holding Limited ("Sino-Ocean Capital")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Oriental Model Limited ("Oriental Model")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Oceanland Global Investment Limited ("Oceanland Global")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Glory Class Ventures Limited ("Glory Class")	Interest of controlled corporation (Note 5)	265,500,917(L)	41.77%
Estate Spring International Limited ("Estate Spring")	Beneficial owner (Note 5)	265,500,917(L)	41.77%
Hongkong Presstar Enterprise Co., Limited ("HK Presstar")	Beneficial owner (Note 6)	45,139,000 (L)	7.10%
ZHANG Li	Interest of controlled corporation (Note 6)	45,139,000 (L)	7.10%

Notes:

- (1) The total number of issued Shares as at 30 June 2021 (being 635,570,000 Shares) has been used for the calculation of the approximate percentage.
- (2) These Shares represent the 377,166,666 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 754,333,333 convertible preference shares of the Company.

Other Information

- (3) Grand Beauty was wholly-owned by SOL HK. SOL HK was wholly-owned by Faith Ocean which was, in turn, wholly-owned by Shine Wind. Shine Wind 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, Shine Wind and Sino-Ocean was deemed under the SFO to be interested in the 535,153,166 Shares in which Grand Beauty was interested.
- (4) These Shares represent (i) the 535,153,166 Shares in which Grand Beauty was interested; and (ii) the 265,500,917 Shares in which Estate Spring was interested.
- (5) Estate Spring was wholly-owned by Glory Class. Glory Class was wholly-owned by Oceanland Global, which was, in turn, 70% owned by Oriental Model and 30% owned by Joyful Clever Limited. Oriental Model was wholly-owned by Sino-Ocean Capital and Joyful Clever Limited was indirectly wholly-owned by Sino-Ocean Capital. Sino-Ocean Capital was wholly-owned by Fortune Joy. Fortune Joy was 49% owned by Heroic Peace, which was, in turn, wholly-owned by SOL HK. Please refer to note (3) above for the relationships between SOL HK, Faith Ocean, Shine Wind and Sino-Ocean. In view of their respective interests in Estate Spring, each of Glory Class, Oceanland Global, Oriental Model, Sino-Ocean Capital, Fortune Joy, Heroic Peace, SOL HK, Faith Ocean, Shine Wind and Sino-Ocean was deemed under the SFO to be interested in the 265,500,917 Shares in which Estate Spring was interested.
- (6) HK Presstar is wholly-owned by Mr. ZHANG Li. As such, Mr. ZHANG Li was deemed under the SFO to be interested in the 45,139,000 Shares in which HK Presstar was interested.
- (7) The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at 30 June 2021, 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 2021 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. SUM Pui Ying (being the chairman of the Board and executive Director) was unable to attend the annual general meeting of the Company held on 7 May 2021.

Other Information

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 2021 Interim Period 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 2021 Interim Period.

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 2021 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

There is no change in information on Directors since the date of the Annual Report 2020 of the Company which is 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 2021 Interim Period.

Other Information

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 ordinary shares as required under the Listing Rules throughout the 2021 Interim Period.

On behalf of the Board

LAI Kwok Hung, Alex

Executive Director and Chief Executive Officer

13 August 2021

Corporate Information

BOARD OF DIRECTORS

Executive Directors

SUM Pui Ying (Chairman)
LAI Kwok Hung, Alex
(Chief Executive Officer)
LAM Yee Lan

Non-executive Directors

TANG Runjiang
ZHOU Yue

Independent Non-executive Directors

LAW Tze Lun
LO Woon Bor, Henry
CHEN Yingshun

AUDIT COMMITTEE

LAW Tze Lun (Chairman)
TANG Runjiang
ZHOU Yue
LO Woon Bor, Henry
CHEN Yingshun

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

SUM Pui Ying (Chairman)
LAI Kwok Hung, Alex
TANG Runjiang
ZHOU Yue
LAW Tze Lun

COMPANY SECRETARY

CHEUNG Sin Kei

AUTHORISED REPRESENTATIVES

LAI Kwok Hung, Alex
CHEUNG Sin Kei

AUDITOR

BDO Limited
Certified Public Accountants

LEGAL ADVISORS

(in alphabetical order)

Baker & McKenzie
Sit Fung Kwong & Shum

PRINCIPAL BANKERS

(in alphabetical order)

Bank of Communications Co., Ltd.
Hong Kong Branch
DBS Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRAR

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

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Room 3902, 39th Floor
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No. 89 Queensway
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 174

COMPANY WEBSITE

www.geminiinvestments.com.hk