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盛洋投資

Gemini Investments (Holdings) Limited

盛洋投資（控股）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 174)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors of the Company (the “**Board**”) is pleased to announce the audited consolidated results of Gemini Investments (Holdings) Limited (the “**Company**”) and its subsidiaries (together referred to as “**our Group**” or “**we**”) for the year ended 31 December 2015 (the “**Year**” or “**2015**”). The audited consolidated results of the Company have been reviewed by the Company’s audit committee.

ANNUAL RESULTS FOR 2015

For the year ended 31 December 2015, our Group recorded a loss attributable to its owners of approximately HK\$1,135.2 million, which mainly arose from a non-cash share of loss of approximately HK\$1,012.1 million in a joint venture of the Company, namely Sino Prosperity Real Estate Fund L.P. (the “**SPRE Fund**”). For detailed reasons of the loss, please see the paragraph headed “Financial Review” below.

The Board does not recommend the payment of any final dividend for the Year.

KEY DEVELOPMENT

Our Group is principally engaged in investment in fund platform, fund investment, property investment and securities investment businesses. During 2015, our Group continued to take root in Hong Kong and overseas property markets, especially with more resources devoted to investment in fund platform and fund investment business, which are considered as a prudent but proactive approach to expand the Group’s business networks and gain wider access to potential value-enhancing projects, with the ultimate goal to maximise our shareholders’ value in the medium to long term.

After completing our investment, among others, in the general partnership interests of Gemini-Rosemont Realty LLC (“**GR Realty**”) in August 2015, a commercial real estate acquisition and asset management company based in the United States of America (the “**U.S.**”), we use GR Realty, as a jointly controlled and managed investment platform, through which our Group will not only be able to leverage on its expertise, experience and relationship of its management team (more than 200 professionals) in the commercial real estate market, but also diversify our investment in fund platform business and property investment portfolio to a large number of states in the U.S..

As at the end of the Year, GR Realty engaged in the ownership and/or management of its investment portfolio comprising 75 commercial properties, representing 121 buildings, with approximately 14.7 million square feet in 21 states across the U.S.. During the Year, our Group shared the post-acquisition profit of approximately HK\$26.1 million and received the dividend distribution of approximately HK\$10.2 million as a result of our interests in GR Realty and certain syndicated projects controlled by GR Realty.

We position GR Realty as an effective platform to allow our Group to gain expertise and significant access to the U.S. market, in which our Group can take advantage of growth in gross domestic product, declining unemployment rate and growth of the property market, as well as capturing market opportunities in a timely manner and generate our Group considerable investment returns from the management and investment of real estate assets.

For investment in fund platform business in the market of the People’s Republic of China (the “**PRC**”), along with our joint venture partner, we have been actively involved in the continued management and the strategic movement of the jointly managed fund, the SPRE Fund, as well as monitoring the economic and market conditions in China under the backdrop of slowing down of the economic growth.

Considering the volatile global economy, to further diversify our Group’s risk exposure and enhance the rate of return through efficient access to a wider variety of investment channels, we have increased capital resource into investing in fund platforms and investment funds which aim at achieving medium to long term capital appreciation through investing substantially in real estate and related projects.

FINANCIAL REVIEW

Revenue

During 2015, our Group recorded a total revenue of approximately HK\$22.6 million (2014: approximately HK\$91.9 million). Significant decline in revenue was mainly due to the decrease in sales of gold bullions by approximately HK\$58.3 million as a result of continuous downward trend of the gold bullions price during the Year.

The following table sets forth our Group's revenue breakdown for 2015 and 2014:

	2015 <i>HKD'000</i>	2014 <i>HKD'000</i>
Rental revenue	18,204	13,046
Dividend income	2,870	3,651
Management fee income	1,559	16,896
Sales of gold bullions	—	58,322
	<u>22,633</u>	<u>91,915</u>

Loss attributable to owners of the Company

During 2015, our Group recorded a loss attributable to owners of the Company of approximately HK\$1,135.2 million (2014: loss of approximately HK\$144.8 million). Such loss recorded during the Year was mainly because of a non-cash share of loss of approximately HK\$1,012.1 million in a joint venture of the Company (in which the Group had a 50% equity interest), the SPRE Fund which held property projects mainly in second and third tier cities in the PRC and operated a business in the provision of upfitting and decoration services for property projects. The loss to the SPRE Fund arose mainly as a result of the depressed selling price of real estate, which led to the drop in gross profit margin and the increased burden in inventory impairment of the SPRE Fund, under the backdrop of the faltering PRC economy during the Year, especially for the stubborn sluggishness of the real estate market of second and third tier cities with high level of housing inventory. Consequently, our Group recorded basic losses per share of 2.52 HK dollar in 2015 versus basic losses per share of 0.32 HK dollar in 2014.

Utilisation of Net Proceeds of Convertible Preference Shares issued in 2014

As disclosed in the 2014 annual report of the Company, the Company completed the issue of a total of 1.3 billion non-voting convertible preference shares on 23 December 2014, with the net proceeds from the issue (after deducting expenses) amounted to approximately HK\$3,899.0 million. Out of such net proceeds, approximately HK\$3,445.3 million had already been or been committed in 2014

to be applied to finance those projects or transactions undertaken by our Group as specifically disclosed in the paragraph headed “Issue of Convertible Preference Shares” in the section headed “Management Discussion & Analysis” of the 2014 annual report.

During the Year, US\$55.0 million (approximately HK\$426.4 million, being the remaining net proceeds from the issue of the convertible preference shares) had been applied to fund investment in Neutron Property Fund Limited (“**Neutron Property**”), a private equity fund aiming to invest substantially in real estate and related investments primarily in the U.S. and certain other countries. The details of such investment are set out in the Company’s announcement dated 29 June 2015 and circular dated 14 August 2015.

Financial Resources and Liquidity

Total assets and net asset value of our Group as at 31 December 2015 were approximately HK\$6,528.2 million (2014: approximately HK\$5,887.8 million) and approximately HK\$3,956.3 million (2014: approximately HK\$4,307.0 million), respectively.

As at 31 December 2015, the principal amount of our total borrowings amounted to approximately HK\$3,269.0 million (2014: approximately HK\$1,526.6 million), of which approximately HK\$875.1 million repayable within one year. The total borrowings mainly consisted of (a) unsecured borrowings with principal amount totaling approximately HK\$2,744.0 million (as at 31 December 2014: HK\$1,000 million), of which approximately HK\$775.1 million repayable in one year, from Grand Beauty Management Limited (“**Grand Beauty**”), an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited (“**Sino-Ocean Land**”), the controlling shareholder of our Company; and (b) an unsecured bank borrowing with principal amount of HK\$500.0 million, of which HK\$100.0 million will be repayable in one year. HK\$50 million of such bank borrowing was repaid in January 2016 with the remaining bank borrowing principal amounted to HK\$450.0 million. The substantial increase in the borrowings of our Group during 2015 arose mainly because Grand Beauty further financed our Group with a 3-year loan with principal amount of US\$125 million (approximately HK\$968.9 million) and a 6-month loan with principal amount of US\$100 million (approximately HK\$775.1 million) during the Year to support the business expansion of our Group. Such 6-month loan of US\$100 million was extended for a further period of 12 months in February 2016 subsequent to the year end. Besides, Grand Beauty granted our Group a US\$700 million loan facility, which had not yet been drawdown at the end of the Year. Apart from the above, our Group did not have any other interest bearing debt as at 31 December 2015.

Total cash resources (including bank balances and cash and short-term bank deposits) amounted to approximately HK\$851.5 million as at 31 December 2015 (2014: approximately HK\$2,157.9 million). Current ratio changed from 39.24 times in 2014 to 1.08 times in 2015 as a result of the increase in short-term borrowings of US\$100.0 million from Grand Beauty to support the business expansion of our Group, while on the other hand, more cash resources were utilised for investment activities during the Year. Such US\$100.0 million borrowing was extended for a further period of 12

months in February 2016. The net gearing ratio of our Group, based on total borrowings (of which approximately 79% represented shareholder's loan from Grand Beauty) less cash resources divided by total shareholders' equity, was around 41% (2014: Nil).

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

OPERATION REVIEW

During the Year, our Group adhered to the philosophy of value investment, actively optimizing its asset allocation. An analysis of our Group's turnover and contribution to operating result for the Year by our principal activities is set out in Note 2 to the consolidated financial statements of our Group disclosed below.

Investment in Fund Platform

Through investing in fund platform, our Group is able to participate in the property projects in the U.S. and the PRC or in other countries where investment opportunities arise through various structures of vehicles, which enable our Group to share potential gain from such investments.

GR Realty — Joint Venture

In August 2015, our Group has completed the transaction of its acquisition of 45% membership interests in GR Realty, together with membership and limited partnership interests in certain syndicated projects. The details of the transaction and completion are set out in the Company's circular dated 23 June 2015 and announcement dated 22 August 2015.

GR Realty acts as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the U.S. which is expected to generate our Group with considerable investment returns from the operation and management of such real estate assets. During the Year, our Group shared post-acquisition profit of approximately HK\$26.1 million and received dividend of approximately HK\$10.2 million as a result of its interest in GR Realty and certain syndicated projects controlled by GR Realty. As at 31 December 2015, our interest in GR Realty, together with interest in certain syndicated projects controlled by GR Realty, amounted to approximately HK\$935.2 million.

GR Realty is a well-established platform principally engaged in the ownership and/or management of its investment portfolio which comprised 75 commercial properties, representing 121 buildings, with approximately 14.7 million square feet in 21 states across the U.S. as at 31 December 2015. Through investment in GR Realty, our Group will not only be able to leverage on its expertise, experience and business network of its management team (more than 200 professionals) in the commercial real estate market, but also diversify our investment in fund platform business and property investment portfolio to a large number of states in the U.S., and allow our Group standing

on a vantage point due to its exposure and presence in the U.S., which are regions that are expected to benefit from growth in gross domestic product, declining unemployment rate and growth of the property markets. In December 2015, our Group provided an unsecured loan in the principal amount of US\$37.5 million to GR Realty, which carries interest at 6% per annum and repayable in five years, for the purpose of allowing GR Realty to repay in full certain promissory notes, enabling our Group to generate stable interest income and increase value to our Group by allowing GR Realty to utilise existing funds more readily for its future expansions. The details are set out in the Company's announcement dated 10 December 2015 and circular dated 24 December 2015.

SPRE Fund — Joint Venture

The SPRE Fund acted as a jointly controlled and managed investment platform of our Group to invest in real estate projects in the PRC. As at 31 December 2015, our Group had a 50% equity interest in SPRE Fund which amounted to approximately HK\$1,235.0 million, with a 50%-shared capital commitment outstanding to the SPRE Fund of approximately US\$44.7 million. Non-cash share of losses from the SPRE Fund of approximately HK\$1,012.1 million was recognised during the Year, mainly as a result of the depressed selling price of real estate, which led to the drop in gross profit margin and the increased burden in inventory impairment of the SPRE Fund, under the backdrop of the faltering PRC economy during the Year, especially for the stubborn sluggishness of the real estate market of second and third tier cities with high level of housing inventory.

In July 2015, our Group further increased its capital commitment in the SPRE Fund by US\$90 million to US\$340 million to recapitalise the SPRE Fund for its further expansion to capture more investment opportunities when they arise. The details are set out in the Company's announcement dated 7 July 2015 and circular dated 24 July 2015.

Fund Investments

Fund investments provide an efficient means for our Group to capture more sound investment opportunities, diversify its risk exposure, and further enhance its rate of return through efficient management and a wider access to investment channels.

Our fund investment portfolio, classified as available-for-sale investments, recorded carrying value of approximately HK\$2,100.4 million as at 31 December 2015 (2014: approximately HK\$814.1 million). During 2015, apart from other movement, a decrease of approximately HK\$6.5 million in fair value of fund investments was recorded in other comprehensive income for the Year because of the volatile global financial market conditions (2014: decrease in fair value of approximately HK\$22.1 million). No revenue or gain has yet been recognised from fund investments for the Year.

Aiming to further diversify its investment risk and enhance the rate of return of our Group's core business, our Group has made further fund investments as mentioned below during the Year.

In June 2015, our Group made further investment in Neutron Property, with subscription monies of US\$55.0 million, on top of its existing investment in Neutron Property. Neutron Property is a private equity fund aiming to invest substantially in real estate and related investments primarily in the United States and certain other countries. The details of such investment are set out in the Company's announcement dated 29 June 2015 and circular dated 14 August 2015.

In November 2015, our Group made investment of US\$60.0 million in a limited partnership interest in Prosperity Risk Balanced Fund LP ("**PRB Fund**"), which was a newly set-up fund and aims to invest in various types of debt instruments of special purpose vehicles holding shares in PRC companies established for the purposes of developing real estate in the PRC. Such investment would allow our Group to invest in different form of securities issued by companies in the PRC real estate sector and diversify its market coverage and risk exposure. The details of the investment are set out in the Company's announcement dated 3 November 2015 and circular dated 25 November 2015.

Property Investments

Investment properties provide a steady and reliable income and cash flow for our Group in addition to the possible capital gains from appreciation in value.

As at 31 December 2015, investment properties held by our Group comprised A-grade office premises in Hong Kong with gross floor area of approximately 16,000 square feet and residential units in New York with gross floor area of approximately 17,000 square feet, with full occupancy.

In 2015, rental income increased by approximately 40.0% to approximately HK\$18.2 million (2014: approximately HK\$13.0 million), which was mainly attributable to our Group's acquisition of 20 residential units in Manhattan, New York, during the second and third quarters of 2014 with rental income contribution for a full year 2015. Revaluation gain of approximately HK\$6.2 million and HK\$3.5 million was recorded on the investment properties located in Hong Kong and New York (2014: approximately HK\$1.3 million and HK\$2.3 million), respectively.

Securities and Other Investments

Total revenue from securities and other investments decreased from approximately HK\$62.0 million to approximately HK\$2.9 million, mainly resulting from the decrease in sales of gold bullions of approximately HK\$58.3 million. Moreover, our Group recorded a loss from changes in fair value of financial instruments held for trading of approximately HK\$40.1 million as a result of the plunge of global capital market during the second half of the Year (2014: a gain of approximately HK\$9.7 million).

As at 31 December 2015, our securities investment portfolio mainly consisted of investment in listed securities in Hong Kong of approximately HK\$10.6 million (31 December 2014: approximately HK\$9.5 million) and overseas and the PRC of approximately HK\$139.0 million (31 December 2014: approximately HK\$95.2 million), which formed part of our Group's cash management activities. Our Group maintained a scalable investment portfolio with proper diversification to avoid the fluctuation of any single market.

Activities relating to our Group's other investments are summarised as follows:

Investment in Alpha Advent Ventures Limited

The sole principal business of Alpha Advent Ventures Limited ("**Alpha Advent**", a wholly-owned subsidiary of Neutron Property) is, through its wholly-owned subsidiary, property development of high end villas of gross floor area of approximately 36,000 square feet in Lantau Island in Hong Kong. In January 2015, our Group invested in Alpha Advent by providing a loan in the principal amount of HK\$180.0 million which carries interest at 6% per annum, repayable in three years and guaranteed by Neutron Property. Interest income of approximately HK\$10.4 million for our Group was recognised as at 31 December 2015. The details of the investment are set out in the Company's announcement dated 15 January 2015 and circular dated 5 February 2015.

Disposal of investment in Anhui Yangzi Floor Co., Ltd.

In February 2015, our Group disposed of its equity investment of a total of 4,500,000 shares in Anhui Yangzi Floor Co., Ltd ("**Yangzi Floor**"), at a price of RMB5.5 per share in a series of transactions on the open market of National Equities Exchange and Quotations, with a net profit of approximately HK\$5.1 million recorded during the Year. The details are set out in the Company's announcement dated 13 February 2015.

MARKET OUTLOOK

2015 finished with two surprises causing shocks to the global markets, oil price slump and Renminbi ("**RMB**") devaluation, which deepened capital market's anxiety over the global economy in 2016. With mixed factors of strong U.S. economy, weak performance in the Eurozone, slackened economic growth in China and emerging economies, and rising tension between Middle East countries, we expect global growth would only show a very modest improvement with imbalanced prospects of growth across difference regions.

The performance of the Eurozone economy missed the market expectation slightly in 2015 with domestic demand recorded minor increases and exports mildly accelerated. The monetary stimulus arisen from the continued exceptionally low borrowing costs has been hampered seriously by the middle east refugee dilemma. The downside for Eurozone economy remains uncertain.

The growth in China was noticeably slowdown in 2015, especially in manufacturing and real estate sectors. Key headwinds that may affect the financial stability in China are excess leverage and overcapacity in the industrial and state-owned enterprises sectors, an aging demographic and vast oversupply of property, as well as the volatility of RMB. In 2016, market expects the PRC government and central bank further take effort to stabilize the economy by offering liquidity into the financial system and fostering greater exchange rate flexibility by introducing a change in the calculation of the RMB reference rate.

After the expected rate hike by the Federal Reserve in December 2015, market expects the interest rates to be gradually raised through 2016. Such increase in interest rate after a long break, together with the strengthening of the U.S. dollar, signaled recovery for the U.S. economy. According to improved economic data, we expect U.S. economy to experience healthy recovery in 2016 with an improved labour market, higher core inflation rate and robust consumption. Moreover, technology sector is expected to continually deliver strong performance for brighter earning perspective. The key uncertainty imposed on the U.S. economy will be the presidential election in the fourth quarter of 2016, which could affect the capital market sentiment and investment spending throughout the year.

DEVELOPMENT PROSPECTS

Looking ahead to 2016, global economic growth is likely to remain uneven and moderate. The awareness of continued divergence in economic performance and monetary policy and prompt response to the changing market environment shall be our essential themes when determining and executing investment strategies.

With a view to evolving into an intelligent entity, we will continue to reinforce our professional knowledge and persistently adhere to the discipline of value investing, in selecting attractive investment opportunities in selected countries so as to strengthen our core competencies, to contribute sustainable growth and returns, and extend our business scope in the property markets, as well as maintaining prudent and disciplined financial management policies to ensure our sustainability.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Sales proceeds from disposal of financial instruments held for trading		<u>736,687</u>	<u>702,869</u>
Turnover	2	22,633	91,915
Changes in inventories of gold bullions		—	(56,790)
Other income	3	15,776	2,329
Employee costs		(23,350)	(12,631)
Share-based compensation	4	(5,264)	(5,062)
Depreciation		(1,785)	(2,246)
Other expenses		(36,650)	(107,389)
(Loss)/gain arising from changes in fair value of financial instruments held for trading		(40,111)	9,670
Gain arising from changes in fair value of investment properties		9,728	3,576
Gain on disposal of available-for-sales investment		5,084	—
Share of results of joint ventures	5	(988,290)	(30,173)
Finance costs	6	<u>(90,780)</u>	<u>(37,937)</u>
Loss before income tax	7	(1,133,009)	(144,738)
Income tax	8	<u>(2,238)</u>	<u>(100)</u>
Loss for the year		<u>(1,135,247)</u>	<u>(144,838)</u>
Loss for the year attributable to:			
Owners of the Company		<u>(1,135,247)</u>	<u>(144,838)</u>
Losses per share for loss attributable to owners of the Company	9		
— basic (HK dollars)		(2.52)	(0.32)
— diluted (HK dollars)		<u>N/A</u>	<u>N/A</u>

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year		<u>(1,135,247)</u>	<u>(144,838)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
— Exchange differences arising on translation of foreign operations		(967)	76
— Change in fair value of available-for-sale investments		(6,505)	(22,101)
— Share of other comprehensive income of joint ventures	5	<u>(61,344)</u>	<u>—</u>
Other comprehensive income for the year		<u>(68,816)</u>	<u>(22,025)</u>
Total comprehensive income for the year		<u>(1,204,063)</u>	<u>(166,863)</u>
Total comprehensive income attributable to:			
Owners of the Company		<u><u>(1,204,063)</u></u>	<u><u>(166,863)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		528,275	518,694
Property, plant and equipment		3,384	2,905
Interests in joint ventures	<i>5</i>	2,167,916	1,772,482
Available-for-sale investments	<i>11</i>	2,207,382	906,683
Prepayment for subscription of available-for-sale investment	<i>11(b)(iv)</i>	—	403,578
Loan receivables	<i>12</i>	573,504	—
		5,480,461	3,604,342
Current assets			
Deposits, prepayments and other receivables		14,059	7,985
Loan receivables	<i>12</i>	26,393	—
Amount due from immediate holding company		—	2,910
Financial instruments held for trading		155,825	114,711
Short-term bank deposits		214,576	94,737
Bank balances and cash		636,918	2,063,126
		1,047,771	2,283,469
Current liabilities			
Other payables and accrued charges		39,178	57,938
Amount due to a fellow subsidiary		65,880	—
Taxation payable		102	212
Borrowings	<i>13</i>	863,333	44
		968,493	58,194
Net current assets		79,278	2,225,275
Total assets less current liabilities		5,559,739	5,829,617

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Capital and reserves			
Share capital		184,881	180,658
Reserves		<u>3,771,465</u>	<u>4,126,388</u>
Total equity		<u>3,956,346</u>	<u>4,307,046</u>
Non-current Liabilities			
Borrowings	<i>13</i>	1,601,625	1,522,571
Deferred tax liabilities		<u>1,768</u>	<u>—</u>
		<u>1,603,393</u>	<u>1,522,571</u>
Total equity and non-current liabilities		<u>5,559,739</u>	<u>5,829,617</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital HK\$'000	Share premium HK\$'000	Convertible preference shares reserve HK\$'000	Capital contribution HK\$'000	Share option reserve HK\$'000	Available- for-sale financial assets reserve HK\$'000	Translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Attributable to owners of the Company HK\$'000
Balance at 1 January 2014	22,275	153,728	—	—	19,521	9,868	13,931	325,282	544,605
Transaction to no-par value regime on 3 March 2014	153,728	(153,728)	—	—	—	—	—	—	—
Other comprehensive income									
— Change in fair value of available-for- sale investments	—	—	—	—	—	(22,101)	—	—	(22,101)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	76	—	76
Loss for the year	—	—	—	—	—	—	—	(144,838)	(144,838)
Total comprehensive income for the year	—	—	—	—	—	(22,101)	76	(144,838)	(166,863)
Issue of convertible preference shares	—	—	3,898,698	—	—	—	—	—	3,898,698
Share-based compensation (Note 4)	—	—	—	—	5,062	—	—	—	5,062
Exercise of share options	4,655	—	—	—	(1,411)	—	—	—	3,244
Interest waiver granted by parent (Note 13(e))	—	—	—	22,300	—	—	—	—	22,300
Balance at 31 December 2014	180,658	—	3,898,698	22,300	23,172	(12,233)	14,007	180,444	4,307,046
Other comprehensive income									
— Change in fair value of available-for-sale investments	—	—	—	—	—	(6,505)	—	—	(6,505)
— Exchange difference arising on translation of foreign operations	—	—	—	—	—	—	(967)	—	(967)
— Share of other comprehensive income of joint ventures	—	—	—	—	—	—	(61,344)	—	(61,344)
Loss for the year	—	—	—	—	—	—	—	(1,135,247)	(1,135,247)
Total comprehensive income for the year	—	—	—	—	—	(6,505)	(62,311)	(1,135,247)	(1,204,063)
Share-based compensation (Note 4)	—	—	—	—	5,264	—	—	—	5,264
Exercise of share options	4,223	—	—	—	(1,384)	—	—	—	2,839
Vested share options forfeited	—	—	—	—	(3,613)	—	—	3,613	—
Capital contribution through borrowings from parent (Note 13(f))	—	—	—	845,260	—	—	—	—	845,260
Balance at 31 December 2015	<u>184,881</u>	<u>—</u>	<u>3,898,698</u>	<u>867,560</u>	<u>23,439</u>	<u>(18,738)</u>	<u>(48,304)</u>	<u>(951,190)</u>	<u>3,956,346</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2015

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group’s financial statements.

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

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
HKFRS 9 (2014)	Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11 HKFRS 14	Accounting for Acquisitions of Interests in Joint Operations ¹ Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective date is deferred

Except as explained below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial statements.

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to each performance obligation
- Step 5 : Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap.622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance. However the new Companies Ordinance, Cap.622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

2. 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.

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

1. Property investments — rental income from leasing of office properties and residential condominium.
2. Securities and other investments — investing in various securities and generating investment income.
3. Fund investments — investing in various investment funds and generating investment income.
4. Investment in fund platform (previously classified as Fund management) — provision of management and administration services for property development project and investing in real estate fund platform.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

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

For the year ended 31 December 2015

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Investment in fund platform <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	18,204	739,557	—	1,559	759,320
Less: Sales proceeds from disposal of financial instruments held for trading	—	736,687	—	—	736,687
Turnover as presented in consolidated income statement	<u>18,204</u>	<u>2,870</u>	<u>—</u>	<u>1,559</u>	<u>22,633</u>
Segment results	<u>23,155</u>	<u>(35,028)</u>	<u>(3,618)</u>	<u>(979,828)</u>	(995,319)
Interest income from bank deposits					2,245
Unallocated corporate expenses					(49,155)
Finance costs					<u>(90,780)</u>
Loss before income tax					<u>(1,133,009)</u>

For the year ended 31 December 2014

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Investment in fund platform <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	13,046	764,842	—	16,896	794,784
Less: Sales proceeds from disposal of financial instruments held for trading	<u>—</u>	<u>702,869</u>	<u>—</u>	<u>—</u>	<u>702,869</u>
Turnover as presented in consolidated income statement	<u>13,046</u>	<u>61,973</u>	<u>—</u>	<u>16,896</u>	<u>91,915</u>
Segment results	<u>8,792</u>	<u>13,806</u>	<u>(110)</u>	<u>(68,015)</u>	(45,527)
Interest income from bank deposits					2,269
Unallocated corporate expenses					(63,543)
Finance costs					<u>(37,937)</u>
Loss before income tax					<u>(144,738)</u>

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

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

(a) **Segment assets and liabilities**

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Segment assets		
— Property investments	537,107	522,747
— Securities and other investments	711,734	586,358
— Fund investments	2,306,177	1,232,910
— Investment in fund platform	2,577,694	1,772,497
Unallocated assets	395,520	1,773,299
	<hr/>	<hr/>
Consolidated total assets	6,528,232	5,887,811
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Segment liabilities		
— Property investments	4,593	3,885
— Securities and other investments	5,401	3,908
— Fund investments	48	40
— Investment in fund platform	14,739	—
Unallocated liabilities	2,547,105	1,572,932
	<hr/>	<hr/>
Consolidated total liabilities	2,571,886	1,580,765
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than property, plant and equipment, amount due from immediate holding company, short-term bank deposits, unallocated other receivables, bank balances and cash; and
- all liabilities are allocated to operating segments other than taxation payable, borrowings, amount due to a fellow subsidiary and unallocated other payables and deferred tax liabilities.

For the year ended 31 December 2015

Other segment information

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Investment in fund platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Interests in joint ventures	—	—	—	2,167,916	2,167,916
Gain arising from changes in fair value of investment properties	9,728	—	—	—	9,728
Loss arising from changes in fair value of financial instruments held for trading	—	(40,111)	—	—	(40,111)
Gain on disposal of available-for-sales investment	—	5,084	—	—	5,084
Share of results of joint ventures	—	—	—	(988,290)	(988,290)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2014

Other segment information

	Property investments <i>HK\$'000</i>	Securities and other investments <i>HK\$'000</i>	Fund investments <i>HK\$'000</i>	Investment in fund platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Capital expenditure	197,308	—	—	—	197,308
Interests in joint ventures	—	—	—	1,772,482	1,772,482
Gain arising from changes in fair value of investment properties	3,576	—	—	—	3,576
Gain arising from changes in fair value of financial instruments held for trading	—	9,670	—	—	9,670
Share of results of joint ventures	—	—	—	(30,173)	(30,173)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Geographical information

The Group's operations are located in Hong Kong (place of domicile), the United States (the "US") and the People's Republic of China (the "PRC").

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

	Turnover from external customers		Non-current assets other than financial instruments, and interests in joint ventures	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	10,057	67,945	328,539	321,683
The US	8,881	3,287	203,093	199,734
The PRC	1,559	20,323	27	182
Others	2,136	360	—	—
	<u>22,633</u>	<u>91,915</u>	<u>531,659</u>	<u>521,599</u>

(c) Information about major customers

During the years ended 31 December 2014 and 2015, no revenue from individual customer contributed over 10% of the total revenue of the Group.

3. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	2,245	2,269
Other interest income	13,447	—
Others	84	60
	<u>15,776</u>	<u>2,329</u>

4. SHARE-BASED COMPENSATION

Equity-settled share option scheme of the Company:

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 23 June 2011 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 22 June 2021. Under the Scheme, the directors of the Company may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of specific categories of options are as follows:

Date of grant	Exercisable period	Exercise price
26 August 2011	26 August 2011 to 22 June 2021	HK\$1.40
9 August 2013	9 August 2013 to 22 June 2021	HK\$0.96
9 August 2013*	16 September 2013 to 22 June 2021	HK\$0.96
9 March 2015	9 March 2015 to 22 June 2021	HK\$1.27

* The grant of 16,000,000 share options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013.

At the extraordinary general meeting on held 23 June 2011, the total number of shares in respect of which share options were approved to be granted under the Scheme shall not exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Such 10% equivalent to 44,550,000 shares of the Company's issued share capital. Since then, the Company has granted 9,600,000 share options under the Scheme on 26 August 2011. These share options were vested on the same date and their fair value was HK\$5,579,000.

On 9 August 2013, the Company proposed to grant 35,400,000 share options under the Scheme (the "Options") to executive and non-executive directors and certain other employees of the Group.

Save for Options granted to Mr. Sum Pui Ying, one of the executive directors, all the other Options are not subject to vesting conditions. The grant of Options to Mr. Sum Pui Ying was approved by the Company's shareholders at the extraordinary general meeting held on 16 September 2013.

35,400,000 share options were granted on 9 August 2013 of which 19,400,000 share options and 4,000,000 share options were vested and exercisable on 9 August 2013 and 16 September 2013 respectively. Another 4,000,000 share options which were granted on 9 August 2013 were vested and exercisable on 9 August 2014. The fair value of the Options granted was HK\$21,993,000 in aggregate.

A further of 4,000,000 share options which were granted on 9 August 2013 were vested and exercisable on 9 August 2015. A total of 12,000,000 share options had been vested in Mr. Sum Pui Ying as at 31 December 2015 (2014: 8,000,000 share options).

On 9 March 2015, the Company proposed to grant 5,000,000 share options under the Scheme to executive and non-executive directors and certain other employees of the Group. These share options were vested on the same date and their fair value was HK\$3,002,000. Particulars of the share options granted under the Scheme were set forth in the announcement of the Company dated 9 March 2015.

The Group and the Company recognised share-based compensation of HK\$5,264,000 and HK\$5,062,000 for the years ended 31 December 2015 and 2014 respectively.

At 31 December 2015, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 37,910,000 (2014: 42,400,000), representing approximately 8.41% (2014: 9.46%) of the shares of the Company in issue at that date.

Share options may be exercised at any time from the date of grant of the share options to 22 June 2021. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

Movement in share options are as follows:

	2015	Weighted average exercise price <i>HK\$</i>	2014	Weighted average exercise price <i>HK\$</i>
	Number	price <i>HK\$</i>	Number	price <i>HK\$</i>
Outstanding at 1 January	42,400,000	1.04	45,000,000	1.05
Granted	5,000,000	—	—	—
Exercised	(2,890,000)	0.98	(2,600,000)	1.25
Forfeited	(6,600,000)	—	—	—
	<u>37,910,000</u>	<u>1.04</u>	<u>42,400,000</u>	<u>1.04</u>
Outstanding at 31 December	<u>37,910,000</u>	<u>1.04</u>	<u>42,400,000</u>	<u>1.04</u>
Exercisable at 31 December	<u>33,910,000</u>	<u>1.05</u>	<u>34,400,000</u>	<u>1.06</u>

The weighted average remaining contractual life of the share options outstanding at 31 December 2015 was approximately 5.48 years (2014: 6.48 years).

The weighted average market price at the date of exercise for shares options exercised during the year was HK\$1.86 (2014: HK\$1.69).

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

Grant /Approve on	9 August 2013 &		
	9 March 2015	16 September 2013	26 August 2011
		HK\$0.96 and	
Share price at grant date	HK\$1.27	HK\$1.36	HK\$1.40
Exercise price	HK\$1.27	HK\$0.96	HK\$1.40
Expected volatility	68.17%	59.36%-62.36%	51.33%
Expected life	6.29 year	7.87 and 7.77 year	9.82 year
Risk-free rate	1.45%	1.823%-1.851%	1.73%
Expected dividend yield	2.33%	0%	3.64%

The underlying expected volatility was determined by reference to historical data, calculated based on the expected life of share options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

5. INTERESTS IN JOINT VENTURES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Share of net assets other than goodwill	2,133,057	1,772,482
Goodwill	<u>34,859</u>	<u>—</u>
At the end of the year	<u><u>2,167,916</u></u>	<u><u>1,772,482</u></u>
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At the beginning of the year	1,772,482	3,110
Capital contributions	1,455,218	1,799,545
Dividend distribution	(10,150)	—
Share of post-acquisition losses and other comprehensive income	<u>(1,049,634)</u>	<u>(30,173)</u>
At the end of the year	<u><u>2,167,916</u></u>	<u><u>1,772,482</u></u>

As at 31 December 2015, the Group has interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Country of incorporation	Principal place of operation	Class of shares held	Percentage of ownership interests/ voting rights/ profit share	Principal activities
Sino Prosperity Real Estate Limited (<i>Note (a)</i>)	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment holdings
Sino Prosperity Real Estate Advisor Limited	Incorporated	Cayman Islands	PRC	Ordinary	50%	Investment advisory
Gemini-Rosemont Realty LLC (<i>Note (b)</i>)	Limited liability company	The US	The US	Class A membership interests*	45%	Property investment & management
Rosemont WTC Denver GPM LLC (<i>Note (b)</i>)	Limited liability company	The US	The US	Membership interests [#]	100%	Property investment & management
Rosemont Diversified Portfolio II LP (<i>Note (b)</i>)	Limited Partnership	The US	The US	Limited partnership interests [#]	37.19%	Property investment & management

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

[#] Membership interests and limited partnership interests are non-controlling interests

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

Notes:

- (a) On 17 November 2014, the Group entered into an amendment agreement and a subscription agreement, agreed to increase its capital commitment into Sino Prosperity Real Estate Fund L.P. (the “Fund”), a subsidiary of Sino Prosperity Real Estate Limited by US\$250,000,000 and into the Sino Prosperity Real Estate (GP), L.P. (“Fund GP”), another subsidiary of Sino Prosperity Real Estate Limited from US\$1,050,000 to US\$5,000,000, by US\$3,950,000. The increase in capital commitment has been approved by the independent shareholders of the Company at the extraordinary general meeting held on 31 December 2014. Subsequent to the passing of this resolution by the Company shareholders, part of the capital commitment of approximately US\$232,000,000 (equivalent to approximately HK\$ 1,799,545,000) was drawn down on 31 December 2014 for the Fund to complete the acquisition of the entire interest of a company which indirectly holds certain PRC property projects and a business of providing upfitting and decoration services in the PRC. Details of the transactions were set out in the Company’s announcement and circular dated 17 November 2014 and 13 December 2014 respectively.

On 7 July 2015, the Group further entered into an amendment agreement and a subscription agreement, agreed to increase its capital commitment in to the Fund and the Fund GP by US\$90,000,000 and US\$1,800,000 respectively. The shareholding structure of the Fund and the Company's economic interest and rights in the Fund immediately following the execution of the amendment agreement and the subscription agreement will remain unchanged. The increase in capital commitment has been approved by Grand Beauty, the parent of the Company through written resolution on the same date. Details of the transactions were set out in the Company's announcement and circular dated 7 July 2015 and 24 July 2015 respectively.

During the year, the Group had made an additional capital contribution of US\$ 69,159,000 in total (equivalent to approximately HK\$536,004,000), in which a contribution of US\$67,803,000 (equivalent to approximately HK\$525,494,000) was paid to the Fund and the remaining balance of US\$1,356,000 (equivalent to approximately HK\$10,510,000) was paid to the Fund GP.

As at 31 December 2015, the Group has outstanding commitments to make capital contribution to Fund GP and the Fund of approximately US\$895,000 (equivalent to approximately HK\$6,936,000) (31 December 2014: US\$451,000 (equivalent to approximately HK\$3,498,000)) and US\$44,746,000 (equivalent to approximately HK\$346,829,000) (31 December 2014: US\$22,549,000 (equivalent to approximately HK\$174,905,000)) respectively.

No capital was drawn down up to the approval of the financial statements, the recapitalisation of the Fund is for its further expansion in order to capture investment opportunities should they arise.

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

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

In addition, the Group agreed to provide a working capital facility of US\$10,000,000 to NewSub (Note 12 (a)).

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

Details of the Transactions were set out in the Company's announcement and circular dated 31 December 2014 and 23 June 2015 respectively.

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

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

During the year, the Group shared the post-acquisition profits of NewSub amounted to US\$1,359,000 (equivalent to approximately HK\$10,536,000).

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

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

On 21 August 2015, the Group acquired the entire membership interest of Denver GPM LLC from Rosemont at a consideration of US\$5,500,000 and contributed additional US\$9,500,000 to Denver GPM LLC. During the year, the Group shared the post-acquisition profit of US\$246,000 (equivalent to approximately HK\$1,915,000) and received the dividend distribution of US\$323,000 (equivalent to approximately HK\$2,502,000).

On 21 August 2015, the Group subscribed approximately 37.19% limited partnership interest in Portfolio II LP at a consideration of US\$34,388,000 (equivalent to approximately HK\$266,661,000). During the year, the Group shared the post-acquisition profit of US\$1,762,000 (equivalent to approximately HK\$13,657,000) and received the dividend distribution of US\$987,000 (equivalent to approximately HK\$7,648,000).

The Transactions were completed on 22 August 2015 and the Group has no outstanding commitment as at 31 December 2015.

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

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
Bank and other borrowings		
— wholly repayable within five years	19,513	12,322
— wholly repayable over five years	25,775	22,300
Imputed interest expense on other borrowings	43,236	—
Others	2,256	3,315
	<u>90,780</u>	<u>37,937</u>

7. LOSS BEFORE INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss before income tax has been arrived at:		
<i>after charging:</i>		
Auditor's remuneration		
— current year	1,989	1,296
— underprovision in the prior year	198	92
	<u>2,187</u>	<u>1,388</u>
Net foreign exchange loss	16,202	25,764
Rental payments in respect of properties under operating leases	4,542	5,102
Retirement benefits scheme contributions (excluding amounts paid under directors' emoluments)	838	447
<i>and after crediting:</i>		
Interest income from investments	101	84
Dividend income	2,870	3,651
Gross rental income from investment properties	18,204	13,046
Less: direct operating expenses arising from investment properties that generated rental income during the year	<u>(4,045)</u>	<u>(1,635)</u>
	<u>14,159</u>	<u>11,411</u>

8. INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The taxation attributable to the Group's operation comprises:		
Current tax		
Hong Kong Profits Tax	550	448
Over provision in prior years		
Hong Kong Profits Tax	(80)	(38)
Profits tax outside Hong Kong	—	(310)
	<u>(80)</u>	<u>(348)</u>
Deferred tax	<u>1,768</u>	—
Income tax	<u><u>2,238</u></u>	<u><u>100</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Overseas tax is calculated at the rates applicable in the respective jurisdictions in which the Group operates.

9. LOSSES PER SHARE

The calculation of the basic losses per share attributable to owners of the Company is based on the loss for the year of HK\$1,135,247,000 (2014: HK\$144,838,000) and the weighted average number of ordinary shares of 449,825,753 (2014: 445,913,151 ordinary shares) in issue during the year.

No adjustment has been made to basis losses per share amount presented for the years ended 31 December 2015 and 31 December 2014 in respect of a dilution as the impact of share options and convertible preference shares outstanding had an anti-dilutive on the basis losses per share amount presented.

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2014 and 2015, nor has any dividend been proposed since the end of the reporting period.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unlisted equity investments, at cost (<i>Note (a)</i>)	107,313	92,893
Unlisted fund investments (<i>Note (b)</i>)	2,100,399	814,120
Impairment loss on available-for-sale investments	<u>(330)</u>	<u>(330)</u>
	<u>2,207,382</u>	<u>906,683</u>

Notes:

- (a)(i) The unlisted equity investments included investments in unlisted equity securities issued by private entities incorporated outside Hong Kong amounted to HK\$15,212,000 (2014: HK\$41,452,000) after impairment provision, of which the Group holds less than 2% (2014: less than 5%) of the equity interest of the investee.

On 13 February 2015, the Company has disposed of a total of 4,500,000 shares of Anhui Yangzi Floor Co. Limited (“AnHui”) at a price of Renminbi (“RMB”) 5.5 per Anhui share in a series of transactions on the open market of National Equities Exchange and Quotations for the aggregate net sale proceeds of approximately HK\$31,333,000, resulting in gain on disposal of approximately HK\$5,084,000. The details of which were disclosed in the Company’s announcement dated 13 February 2015.

- (a)(ii) At the end of reporting period, the Group held 5% unlisted equity interest in a PRC entity amounted to RMB1,500,000 (equivalent to approximately HK\$1,791,000) as at 31 December 2015 (2014: RMB1,500,000 (equivalent to approximately HK\$1,901,000)).
- (a)(iii) On 24 January 2014, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with P’0006 A’ Beckett Pty Ltd. (the “Trustee”) and ICD Land Pty. Ltd. (“ICD Land”) (the “Subscription Agreement”), pursuant to which the Group agreed to subscribe for 199 ordinary units and 14,285,316 of the class A units of A’ Beckett Street Trust (the “Trust”) and 199 trustee’s ordinary shares in the capital of the Trustee for a total consideration of Australian dollar (“A\$”) 14,285,714 (equivalent to approximately HK\$97,701,000). The objective of the Trust is to complete the proposed development of a residential complex on the parcel of land in Melbourne, Australia.

In conjunction with the Subscription Agreement, the Group, ICD Land and the Trustee also entered into an agreement on the same day to regulate the affairs of the Trust and the Trustee.

At the end of reporting period, the Group had paid all (2014: approximately 50%) of the consideration of A\$14,285,714 (equivalent to approximately HK\$89,980,000) (2014: A\$7,143,256 (equivalent to approximately HK\$49,210,000)) and holds 199 ordinary shares and 3,571,429 of class A units of the Trust, and 199 Trustee’s ordinary shares. As the Group has no power to govern or participate the financial operating policies of the investment entities so as to obtain benefits from its activities, the directors of the Company designated the unlisted investment as available-for-sale investment.

The above unlisted equity investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

(b) The analysis of the fund investments of the Group are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At fair value (<i>Notes (b(i)), (b(ii)) & (b(iii))</i>)	361,262	367,767
At cost (<i>Notes (b(iv)) & (b(vi))</i>)	<u>1,739,137</u>	<u>446,353</u>
	<u><u>2,100,399</u></u>	<u><u>814,120</u></u>

Notes:

- (b)(i) At the end of reporting period, the Group held approximately 418,000 (2014: 418,000) 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 as at 31 December 2015 is approximately HK\$139,309,000 (2014: approximately HK\$149,770,000).
- (b)(ii) At the end of reporting period, the Group held approximately 101,000 (2014: 101,000) participating redeemable preference shares in a sub-fund of an investment entity incorporated in the Cayman Islands (the “Sub-Fund A”). The Sub-Fund A is focus on, but not limited to, Asia (excluding Japan) equity to generate positive returns in all market conditions. The fair value of participating redeemable preference shares of the Sub-Fund A as at 31 December 2015 is approximately HK\$114,272,000 (2014: approximately HK\$102,500,000).
- (b)(iii) At the end of reporting period, the Group also held approximately 110,000 (2014: 110,000) participating redeemable preference shares in another sub-fund of the above mentioned investment entity (the “Sub-Fund B”). The Sub-Fund B invested the collected funds to generate positive returns in all market conditions by employing multi-strategy investment approach, to invest on, but not limited to, Asia Pacific equity by employing bottom-up approach and to invest in both long and short term of different asset classes. The fair value of participating redeemable preference shares of the Sub-Fund B as at 31 December 2015 is approximately HK\$107,681,000 (2014: approximately HK\$115,497,000).

- (b)(iv) At the end of the reporting period, the Group held approximately 637,000 (2014: 125,000) non-redeemable, non-voting participating shares of an investment entity incorporated in the Cayman Islands (the “Private Equity Fund”) and approximately 1,012,000 (2014: 450,000) non-redeemable, non-voting participating shares of Property Fund, another investment entity incorporated in Cayman Islands. The carrying values of the investments in the Private Equity Fund and the Property Fund as at 31 December 2015 are approximately HK\$500,506,000 (2014: approximately HK\$96,928,000) and approximately HK\$775,818,000 (2014: approximately HK\$349,425,000) respectively.

On 29 December 2014, the Group further subscribed and made the payment for new non-redeemable, non-voting participating shares of Private Equity Fund with par value of US\$0.001 each with the subscription monies of US\$52,000,000 (equivalent to approximately HK\$403,578,000). These shares shall rank pari passu with all existing Private Equity Fund shares in issue. Since the additional subscription shares were finally allotted and issued on 2 January 2015. Thus, the payment was classified as prepayment for subscription of available-for-sale investment under non-current assets as at 31 December 2014.

On 29 June 2015, the Group further subscribed and made the payment for new non-redeemable, non-voting participating shares of Property Fund with the subscription monies of US\$55,000,000 (equivalent to approximately HK\$426,393,000). These shares shall rank pari passu with all existing Property Fund shares in issue. The additional subscription shares were finally allotted and issued on 2 July 2015.

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

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

- (b)(v) As the equity investments in Private Equity Fund and in Property Fund (Note (iv)) do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.
- (b)(vi) On 3 November 2015, an indirect wholly-owned subsidiary of the Company entered into a subscription agreement with Prosperity Risk Balanced Fund LP (“PRB Fund”), pursuant to which the Group agreed to contribute commitments for a total amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000) as a limited partner to PRB Fund. The amount of the Group’s commitments represents 7.5% of the total commitments of US\$800,000,000 (equivalent to approximately HK\$6,200,000,000). PRB Fund is currently seeking from qualified investors to invest therein as limited partners. As at 31 December 2015, the carrying value of the investments in PRB Fund is approximately HK\$462,813,000.

The investment objective of the PRB Fund is to invest in debt instruments of special purpose vehicles which in turn hold shares in PRC companies established for the purpose of developing real estates in the PRC with an expected return of not less than 6% per annum on the debt instruments. Details of the investment in PRB Fund were set out in the Company's announcement and circular dated 3 November 2015 and 25 November 2015.

At 31 December 2015, the Group has outstanding commitments to make capital contribution of approximately US\$285,000 (equivalent to approximately HK\$2,187,000).

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

12. LOAN RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Current:</i>		
Loans to a joint venture (<i>Note (a)</i>)	<u>26,393</u>	<u>—</u>
<i>Non-current:</i>		
Loans to a joint venture (<i>Note (a)</i>)	368,207	—
Loan to investee (<i>Note (b)</i>)	180,000	—
Loan to the Trustee (<i>Noted (c)</i>)	23,256	—
Loan to member of a joint venture (<i>Note (d)</i>)	<u>2,041</u>	<u>—</u>
	<u>573,504</u>	<u>—</u>
	<u><u>599,897</u></u>	<u><u>—</u></u>

Notes:

- (a) On 21 August, 25 August and 16 October 2015, the Group entered into certain loan agreements to provide loans in an aggregate principal amount of approximately US\$3,404,000 (equivalent to approximately HK\$26,393,000) to a joint venture, which carry interest at 5% per annum and repayable on demand. On 21 August 2015, the Group entered into a loan agreement to provide a loan in principal amount of US\$10,000,000 (equivalent to approximately HK\$77,546,000) to a joint venture, which carries interest at 5% per annum and repayable in 2020. On 10 December 2015, the Group entered into another loan agreement to provide an additional loan in the principal amount of US\$37,500,000 (equivalent to approximately HK\$290,661,000) to a joint venture, which carries interest at 6% per annum and repayable in 2020. All the loans to a joint venture are unsecured.
- (b) On 15 January 2015, the Group entered into an agreement to provide loan in the principal amount of HK\$180,000,000 to an investee, which carries interest at 6% per annum, is unsecured, repayable in 2018 and guaranteed by the Property Fund (*Note 11(b)(iv)*), the available-for-sale investment of the Group.

- (c) On 7 December 2015, the Group entered into an agreement to provide loan in the principal amount of A\$4,121,170 (equivalent to approximately HK\$23,256,000) to the Trustee (Note 11(a)(iii)), which carries interest at 10% per annum, is unsecured and repayable in 2017.
- (d) On 21 August 2015, the Group entered into an agreement to provide loan in the principal amount of US\$263,368 (equivalent to approximately HK\$2,041,000) to a member holding Class B membership interests in a joint venture, which carries interest at 6% per annum, is secured and repayable in 2020.

13. BORROWINGS

The maturity profile of the borrowings is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Current:</i>		
Obligation under finance lease	45	44
Bank and other loans		
— unsecured and repayable within 1 year (<i>Note (a) & (b)</i>)	<u>863,288</u>	<u>—</u>
	<u>863,333</u>	<u>44</u>
<i>Non-current:</i>		
Obligation under finance lease	71	118
Bank loans and other loans		
— unsecured and repayable after 1 year but within 2 years (<i>Note (a)</i>)	399,833	—
— unsecured and repayable after 2 years but within 5 years (<i>Note (a), (c) & (d)</i>)	758,270	522,453
— unsecured and repayable after 5 years (<i>Note (e)</i>)	<u>443,451</u>	<u>1,000,000</u>
	<u>1,601,625</u>	<u>1,522,571</u>
	<u><u>2,464,958</u></u>	<u><u>1,522,615</u></u>

As 31 December 2015, the bank and other loans of the Group represented:

Notes:

- a) A bank borrowing of HK\$497,833,000 (31 December 2014: HK\$495,833,000), of which HK\$98,000,000 under current liabilities (31 December 2014: Nil) is repayable within 1 year. The remaining bank borrowing amounted to HK\$399,833,000 under non-current liabilities is wholly repayable after 1 year but within 2 years (31 December 2014: HK\$495,833,000 under non-current liabilities is wholly repayable after 2 year but within 5 years). This bank borrowing is unsecured and bearing interest at floating rate. The average interest rate as at 31 December 2015 is 2.07% (31 December 2014: 2.3%) per annum. The bank borrowing was guaranteed by Sino-Ocean Land Holdings Limited, the ultimate parent of the Group, which was released on 7 January 2015.

- b) A borrowing amounted to US\$100 million (equivalent to approximately HK\$775,096,000) (31 December 2014: Nil) (“Other Borrowing I”) under current liabilities represent a loan provided by Grand Beauty, an indirect wholly-owned subsidiary of Sino-Ocean Land Holdings Limited, the ultimate parent of the Company. The Other Borrowing I was drawdown on 17 August 2015 (“Drawdown Date I”). The amount due is unsecured, wholly repayable in February 2016 and interest bearing at fixed rate of 2.04% per annum.

The fair value of the Other Borrowing I on Drawdown Date I was US\$95,113,000 (equivalent to approximately HK\$737,216,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal Limited (“BMI Appraisal”), an independent professional valuer. The Other Borrowing I is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 13.06% per annum. Imputed interest expense of approximately HK\$28,072,000 (Note 6) has been recognised in profit or loss in the current year. The carrying amount of the Other Borrowing I was HK\$765,288,000 and it was classified as repayable within 1 year as at 31 December 2015.

- c) An entrusted loan of HK\$25,066,000 (2014: HK\$26,620,000) in the PRC provided by Sino-Ocean Land Limited, a fellow subsidiary of the Group, which is unsecured, wholly repayable in 2019 (classified as repayable after 2 years but within 5 years) and bearing interest at fixed rate of 7.34% per annum.
- d) A borrowing amounted to US\$125 million (equivalent to approximately HK\$968,870,000) (31 December 2014: Nil) (“Other Borrowing II”) under non-current liabilities represent a loan provided by Grand Beauty. The Other Borrowing II was drawdown on 7 December 2015 (“Drawdown Date II”). The amount due is unsecured, wholly repayable in 2018 and interest bearing at fixed rate of 1.90% per annum.

The fair value of the Other Borrowing II on Drawdown Date II was US\$94,199,000 (equivalent to approximately HK\$730,129,000), which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing II is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.24% per annum. Imputed interest expense of approximately HK\$3,075,000 (Note 6) has been recognised in profit or loss in the current year. The carrying amount of the Other Borrowing II was HK\$733,204,000 and it was classified as repayable after 2 years but within 5 years as at 31 December 2015.

- e) At 31 December 2014, a borrowing amounted to HK\$1,000 million under non-current liabilities represent a loan provided by Grand Beauty. The amount due was unsecured, wholly repayable in 2023 and interest bearing at the rate of three-month HIBOR plus 1.5% to 3.75% per annum. The borrowing was settled by the Group on 10 August 2015.

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

The fair value of the Other Borrowing III on Drawdown Date III was HK\$431,361,000, which was determined based on the valuation using Hull White Interest Rate Model carried out by BMI Appraisal, an independent professional valuer. The Other Borrowing III is subsequently measured at amortised cost using effective interest method by applying an effective interest rate of 12.34% per annum. Imputed interest expense of approximately HK\$12,089,000 (Note 6) has been recognised in profit or loss in the current year. The carrying amount of the Other Borrowing II was HK\$443,451,000 and it was classified as repayable after 5 years as at 31 December 2015.

On 21 May 2014, a waiver was granted by Grand Beauty for loan interest payable for the period from 1 January 2014 to 31 December 2014 as continued support to the Group for the implementation of its investment strategy. The total amount of interest being waived for the year amounted to approximately HK\$22,300,000 is regarded as capital contribution and recorded in the consolidated statement of changes in equity.

- f) As mention in Note (b), (d) and (e), other borrowing I,II and III are recognised initially at fair value. Due to these borrowings are provided by Grand Beauty, any differences between the proceeds and their fair values represent a capital contribution from Grand Beauty which is recognised in the consolidated statement of change in equity.
- g) On 31 August 2015, the Group has entered into a new facility agreement with Grand Beauty with the facility amount of US\$700 million (equivalent to approximately HK\$5,425,674,000). The facility has not been utilised as at 31 December 2015. The facility granted is unsecured, wholly repayable in 2020 and interest bearing at fixed rate of 2.04% per annum.

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

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

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SHARES DEALINGS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its code of conduct regarding securities transactions by the directors of the Company (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 Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, 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 the following Code Provisions:

- (a) Code Provision A.2.7 requires that the chairman of the Board (the “**Chairman**”) should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. Although the Chairman did not hold a meeting with the non-executive Directors without the presence of executive Directors during the Year, he delegated the chief executive officer of the Company to gather any concerns and/or questions that the non-executive Directors and the independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.
- (b) Code Provision A.6.7 requires that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board and a non-executive Director, and Mr. LI Hongbo, a non-executive Director, respectively:
 - i. Mr. LI Ming was not present at the annual general meeting of the Company held on 24 April 2015 and the extraordinary general meeting of the Company which was held on 10 July 2015; and
 - ii. Mr. LI Hongbo was not present at the extraordinary general meeting of the Company which was held on 10 July 2015; and
- (c) Code Provision E.1.2 requires that the Chairman of the Board should attend the annual general meeting of the Company. Due to other pre-arranged business commitments which had to be attended by Mr. LI Ming, the Honorary Chairman of the Board, he was not present at the annual general meeting of the Company held on 24 April 2015.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and policies adopted by the Group and the annual results for the year ended 31 December 2015.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong

Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its shares as required under the Listing Rules as at the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The 2015 annual report of the Company containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and available on the Company's website at www.geminiinvestments.com.hk and HKExnews website at www.hkexnews.hk in due course.

APPRECIATION

The Board would like to express its appreciation to all shareholders, business partners and bank enterprises for their great support and our employees for their commitment and hard work. With the continuous support from our controlling shareholder, Sino-Ocean Land, we will make our business continue to move forward and grow.

By Order of the Board
Gemini Investments (Holdings) Limited
LAI Kwok Hung, Alex
Executive Director

Hong Kong, 29 February 2016

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:

Mr. SUM Pui Ying
Ms. CUI Yueming
Mr. LAI Kwok Hung, Alex

Non-executive Directors:

Mr. LI Ming
Mr. LI Hongbo

Independent non-executive Directors:

Mr. LAW Tze Lun
Mr. LO Woon Bor, Henry
Mr. DENG Wei